

# **EXHIBIT - F**

**THE LOSS OF EARNINGS & BENEFITS  
SUSTAINED BY**

**SGT. CHRISTOPHER D. FORAKER**

Submitted to:

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October 28, 2005

### SUMMARY OF FINDINGS

I have estimated the current market cost to replace the earnings losses incurred by Sgt. Christopher Foraker. I place the present value of required compensation at \$1,026,705 to \$1,225,925 assuming he had left the Department in September 2005 and \$1,618,119 to \$1,866,905 assuming he would have otherwise remained with the Department at age 55.

Had Sgt. Foraker left the police department on September 15, 2005 and started a new job in the firearms industry and now will earn a job in the range of \$30,000 to \$35,000 per year, the present value of cash earnings losses is \$671,269 to \$801,520. The higher estimate assumes continuous employment to age 67 in this new job, Sgt. Foraker's normal retirement age under Social Security, while the lower estimate is based on worklife expectancy, age 63.<sup>1</sup>

I have also prepared an additional estimate that assumes Sgt. Foraker would have remained with the police department until an age 55 retirement, and then started a job in the firearms industry. In that case, the present value of cash earning losses is \$701,117 to \$863,775. In addition, in this case there are State Police pension losses with a present value of \$410,347.

To approximate his other fringe benefit losses, I have relied on national averages. According to the U.S. Chamber of Commerce, retirement and savings plans add an additional 7.3% to cash earnings, medical insurance another 10.5%, life insurance another .03%, and legally required benefits, Social Security, Worker's Compensation, Unemployment Compensation, add another 8.7%<sup>2</sup>. In total, fringe benefits add 26.53% to cash salary for the average earner.

I am advised that any job he now finds will have minimal benefits. To provide a conservative estimate of losses I have added 15.0% to the cash losses, raising earning losses in the case of retirement in September 2005 to \$771,959 to \$921,748. Assuming retirement at age 55, fringe benefit losses raise earnings losses to \$806,284 to \$993,341 and total losses to \$1,216,631 to \$1,403,688.

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<sup>1</sup> Cieka, James, Donley, Thomas, and Goldman, Jerry, *A Markov Process Model of Worklife Expectancies by Educational Attainment Based on Labor Market Activity in 1997-98*, Journal of Legal Economics, Volume 10, Number 3, Winter, 2000-01.

<sup>2</sup> U.S. Chamber of Commerce, *The 2001 Employee Benefits Study*, Table 1, Page 11, Published 2001.

These estimates are current market costs, based on the current market price for an annuity to replace the economic value of the losses he has sustained, and is likely to sustain, over time. It is therefore an actuarially reduced present value, taking into account Sgt. Foraker's year to year survival probability (life expectancy), taxes, and interest.

One final adjustment is necessary. The above estimates are after-tax loss estimates and compensation is fully taxable. In order to leave him in the same position after-taxes as he otherwise would be, an adjustment is necessary to account for taxation on the award. Assuming an effective tax rate of 25%, the estimates must be multiplied by 1.333, raising losses to \$1,026,705 to \$1,225,925 assuming he had left the Department in September 2005 and \$1,618,119 to \$1,866,905 assuming he would have otherwise worked to age 55.

Annuity prices change with changes in the money markets and interest rates, so while my analytical method will remain the same, this analysis will be updated at time of trial to reflect the market price for an annuity at that time. Should rates be higher than they are now, the resulting loss estimates will be lower. Alternatively, should rates be lower than they are now, resulting loss estimates will be higher.

#### **INFORMATION PROVIDED BY COUNSEL**

The information that follows has been provided to me by Counsel and outlines the basic elements of the case I have been asked to value. As various additional facts become known and/or stipulated to, my estimates may be revised to take those matters into account.

I have been provided with Sgt. Foraker's date of birth, December 4, 1962 and the date at which he was expected to be employed by the firearms industry, September 15, 2005. I am advised that the testimony will show that Sgt. Foraker's starting salary would have been approximately \$55,000 a year, plus a liberal fringe benefit package, rising to \$65,000 to \$75,000 within five to 10 years. I was also advised that the testimony would show potential bonuses of 10% to 20% and a rise to \$90,000 a year within ten to 15 years.

I have prepared two estimates of losses. First I have been asked to assume that Sgt. Foraker would have retired by September 15, 2005 to start a job with the firearms industry. To provide a conservative estimate of losses, I have used a 10% bonus amount. I ignored the possibility of promotion to Director and assumed that he would have started at \$55,000 a year plus a 10% bonus with an increase to \$70,000 a year plus a 10% bonus (in 2005 dollars) in eight years or by 2012.

Given the circumstances of his treatment by the State Police, I am advised that the testimony will show that a career in the firearms industry is not possible and instead he will be employed at a job paying \$30,000 to \$35,000 a year, with minimal benefits.

The second estimate of losses assumes that Sgt. Foraker would have remained with the police department until at retirement at age 55 and at that point would have started a job with the firearms industry at the amounts described above. In this case there are pension losses associated with his early retirement. His pension is based on 2.5% per year of service of his high three-year average salary plus 3.5% per year of service for every year over 20. I estimate that his pension assuming early retirement will be approximately \$38,734 per year while had he remained with the department until age 55, his pension would have been \$127,008 per year.

I have assumed that the Department pay scale would have increased by 3% per year and applied normal step increases to his pay as shown in the 2006 pay scales.

#### OVERVIEW OF METHOD

Economic losses may be computed in so-called "real" or after-inflation terms or in terms of nominal amounts, dollar losses without adjusting for purchasing power. Either calculation produces approximately the same answer. Typically in the "real" approach, historical rates of real earnings growth, in the range of 1% to 3% per year, and real interest rates, also in the 1% to 3% per year range, are cited as a reasonable forecast of these rates for the future.

I favor the alternative approach, one in which nominal rates of earnings growth and market interest rates are used. As stated above, I assumed normal step increases and a 3% per year increase in pay rates. For his civilian career, I use an earnings growth forecast prepared each year by the Social Security Administration<sup>3</sup>. This forecast produces earnings growth forecasts in the 3% to 4.2% per year range, inflation in the 2% to 3.3% range, and real earnings growth in the 1% range in real or after-inflation terms, consistent with U.S. economic history, as is typically cited in the after-inflation approach.

In place of an after-inflation interest rate forecast of bond yields for discounting I use the current market price for the purchase of an annuity to

<sup>3</sup> Board of Trustees, Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, *2005 Annual Report of the Board*, Washington, D.C., March 23, 2005, Page 87, Table V.B1.

"discount" these future losses. Using a market price to purchase a contract to replace future income rather than a forecast for assumed future investment returns, real or nominal returns, eliminates this source of forecast uncertainty and provides, I believe, a more accurate assessment of the present value of losses than any approach that requires direct forecasting.

#### **BASIS FOR FUTURE EARNINGS GROWTH ASSUMPTION**

United States economic history demonstrates that both money income and real, or after-inflation earnings increase over time. First, over the past 50 years and measured in current dollars, average earnings have increased each year. Second, earnings tend to increase faster than prices; real earnings grow: the average annual rate of change in the average real wage in OASDI covered employment was 1.0 percent over the 40 years 1964-2003. Real earnings growth was 1.8%, in 1995, 1.1% in 1996, 3.4% in 1997, 4.8%, in 1998, 2.6% in 1999, 2.6% in 2000, -.8% in 2001, -1.0% in 2002, .4% in 2003 and 1.2% in 2004.

Real wage growth depends fundamentally upon productivity growth - and the best economic evidence available indicates that there is no negative trend in productivity. In fact, U.S. productivity growth has averaged approximately 1.6% per year from 1966 to 2000, not much different that productivity growth measured over a century. Increases in worker productivity result in a) higher profits, b) higher wages, c) lower prices or d) some combination of the three. The evidence further indicates that such performance is an appropriate expectation for the future.

#### **ECONOMIC ASSUMPTIONS OF THE SOCIAL SECURITY SYSTEM**

For the second career, I have incorporated the expectation of future wage increases into my analysis with the use of the Social Security economic assumption set prepared by the Social Security Administration for its annual report to the Congress of the United States<sup>4</sup>. By law, the Social Security Administration must report annually to the Congress of the United States on the expected financial status of the system, both in the short term and over the next 75 years. As a consequence of this legal requirement, and because both the taxes taken in and benefits to be paid out depend crucially on earnings growth and inflation, the Social Security Administration develops year-by-year estimates of expected, future, average earnings growth and expected future inflation.

These forecasts result from an analysis of past economic history including productivity growth, earnings growth, international trade issues, changes in

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<sup>4</sup> 2005 Annual Report of the Board, Washington, D.C., Page 87, Table V.B1.

the labor force supply and demand, inflation, and for the first 10 years of the forecast period, short-term economic cycles as well. I use the so-called Intermediate Assumption Set, which represent the Social Security Administration's best estimate of the future, long run economic performance of the U. S. economy.

In my view, these estimates are consistent with U.S. economic history and current research, objective, and reasonably representative of the economic future. The growth rates I actually use are reproduced on my printouts and are taken from page 87 of the Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Trust Funds, Transmitted to the Congress March 23, 2005.

#### THE PRESENT VALUE OF FUTURE LOSSES

Given an estimate of year by year, expected losses, these future losses must be converted into a present dollar equivalent. While there are numerous financial instruments that might be used to establish the present value of a future loss, I perform my conversion using information on the current annuity market provided the United States Pension Benefit Guaranty Corporation (PBGC)<sup>5</sup>. These annuity prices are used to value all future losses. Note however, that while I estimate current market annuity prices for this analysis using the average prices reported by the PBGC methodology, any annuity from a solid company producing the same replacement income is an acceptable valuation alternative<sup>6</sup>.

PBGC is a United States Government agency charged with the responsibility of insuring pension plans in the event of employer default under the Employee Retirement Income Security Act (ERISA). As a consequence of that responsibility, PBGC monitors the annuity market and collects price data each month from a national sample of insurance and annuity companies. The PBGC Methodology permits the analyst to approximate the current price of an annuity found in this survey, given only the party's age and gender.

The methodology is essentially a method to distribute and disseminate current annuity prices. The prices, as stated above, come from a survey of the market and are not forecasts. Each month, the PBGC provides "discount rates", based on its survey results that are to be combined with its specific

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<sup>5</sup> United States Government, *Code of Federal Regulations*, 29 CFR Parts 2619 & 2676, Washington, D.C., September 28, 1993.

<sup>6</sup> I estimate current market annuity prices for this analysis using the PBGC methodology, but any quality annuity contract producing the same replacement income is an alternative for the establishment of present value.



life table. Neither the specific life table nor the rates to be used, determine these annuity prices - which again, come from a survey.

These rates are not the yield on a specific financial instrument but rather rates, which when mathematically combined with the specific PBGC mortality tables (so-called 83GAM Tables), reproduces the findings of the PBGC annuity price survey for the age and gender of the party involved. Since price is known from the survey, if all analysts use the same life table (regardless of which table) a rate can be established to produce that price. Hence, PBGC rates are not traditional discount rates in the sense of expected yields or rates of return on a portfolio, but rather a technical instruction to implement the Methodology. The PBGC rates are applied to an actuarially reduced stream of income, reduced by year to year survival probabilities, and hence the implicit rates of return are higher than would be the case if the income stream was an unreduced flow certain, as in a typical discounting problem.

The PBGC price survey provides an accurate, cost-effective, and objective estimate of the actual, current market price required to purchase a future flow of income equal to the amount required to compensate the party for expected future losses. Implicitly, my compensation approach is to provide Sgt. Foraker with a cash payment sufficient to cover past losses and cash payment sufficient to purchase an annuity, a market-determined present value, to replace future losses.

I am not requiring that such an instrument actually be chosen for compensation purposes. I am using annuity prices as an indicator of the financial market's "tradeoff" between the value of future dollars and the value of present dollars, inclusive of available investments, the time period involved, cash requirements associated with compensation, and mortality considerations. PBGC price information is current, reflecting actual economic conditions in the money market in the month of the lost earnings analysis and in fact, is a function of the current yields on the professionally managed, investment portfolios of insurance or annuity companies that back these annuity contracts<sup>7</sup>.

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<sup>7</sup> The PBGC Methodology involves 2 components: the financial flow required to pay the annuity to individuals, and for groups of employees, an administrative cost component. Because I am dealing with an individual rather than a group of employees, I use only the financial flow. Administrative expenses are ignored and therefore my estimated annuity price may be somewhat below group annuity market prices.



The use of an annuity price to establish the discounted present value of future losses provides a number of advantages over the more familiar approach in which an analyst explicitly specifies an expected yield on a particular financial instrument or investment portfolio, typically bonds. Most importantly, an annuity price is an actual, market price at this point in time, not a forecast of future yields.

In addition, PBGC prices are objective, provided by the U.S. Government, and not prepared for the purpose of the litigation at issue. The price is a market price, favoring neither plaintiff nor defense and such prices are public information that may be easily verified by all parties to the litigation. Finally, an annuity provides for periodic payments, a flow of compensating income timed similarly to the losses that are expected to occur in the future. Regardless of the future course of interest rates, an annuity price provides the actual market cost today, to purchase the required future flow of compensating payments for future losses.

#### VALUATION ADJUSTMENTS

The annuity prices that PBGC monitors however, are taxable annuities and therefore the compensating income I calculate using these prices will be less than the income Sgt. Foraker would have earned had he not been injured. Ideally, the compensating instrument would be tax-free, so that the flow of compensation after tax would exactly equal the flow of income I seek to replace without the complication of taxes. Tax free municipal bonds represent one alternative financial instrument that could be used, but to do so gives up the advantage of using a current price and requires that a rate of return forecast be made for the damage period.

To approximate the price of a tax-free annuity, I calculate the approximate tax liability associated with the annuity payments and increase each year's payment such that after taxes, Sgt. Foraker would receive the amount I estimate that he has lost. This is similar to performing the analysis with tax-free municipal bonds but it maintains the advantages I believe exist when an annuity price is used for the future loss calculation. This adjustment increases the loss estimates by the present value of expected taxes on the compensation, just as the loss estimates would be increased if I used the lower yields associated with tax-free instruments.

This is the column labeled "Adjustment Required" on the attached printouts, Schedule 3. It should be noted however, that my analysis produces loss estimates both with and without this adjustment. The column labeled "Market Value @ PBGC" provides losses without the above tax adjustment. In the event that my adjustment is deemed inappropriate however, estimates are provided both with and without it.

## LOSS ESTIMATES

Detailed printouts of my calculations are attached to this report. Three schedules are provided. Schedule 1 displays some of the basic data used in the calculation and various summary statistics that result from my calculations while Schedules 2 and 3 provide the year-by-year details of my estimates.

**Schedule 2, Past & Expected Earnings Losses:** Column 2 displays the rate of earnings growth used to increase Sgt. Foraker's earnings over time. These are the Social Security growth rates. Column 4 labeled "Gross Earnings, 2004 Dollars" displays my estimated earnings over time expressed in today's dollars and shows the estimated year by year earnings Sgt. Foraker would achieve over time. It is a benchmark calculation, useful for appraising the reasonableness of resulting estimates of future earnings.

The next column, Column 5, converts those dollars to so-called current dollars, dollars of the year in question, rather than in terms of today's purchasing power. Column 7 labeled "Earnings But For Termination" is self-explanatory. The next four columns are comparable, but concern earning given the Termination. The difference between earnings had the Termination not occurred and probable earnings now is my estimate of losses, Column 12 "Estimated Losses, Current Dollars".

**Schedule 3, Annuity Cost to Replace Lost Earnings:** Schedule 3 displays the conversion of these earnings loss amounts into actuarially discounted present or market values. Column 14 is the PBGC discount rates for the year in question while Column 16 shows the resulting annual discount factors. Column 17, "Estimated Losses, Current Dollars" on Schedule 3 is identical to Column 12, "Estimated Losses, Current Dollars" on Schedule 2, except that all past losses are adjusted to 2004 dollars. Column 18 shows the year to year survival probabilities given the person's age and sex. Column 19 shows the present value or market replacement cost of each payment valued using the PBGC annuity price.

As discussed above however, this annuity would have tax consequences to the recipient and would therefore result in less income than the party would have earned, had the termination not occurred. Column 20 labeled "Adjustment Required" provides my estimate of the tax consequences of the annuity and therefore the additional payment that would be required to leave Sgt. Foraker in the same economic status as he would have had without the termination. These augmented payments are then reduced for the probability of survival and again priced using the PBGC methodology to estimate annuity prices in Column 22.

Foraker, Termination, Earnings &amp; Bonus Losses, Haverly

EARNINGS SUMMARY SHEET				Would Have Started 9/15/2005	
Date of Analysis:	28-Oct-05				
Name:	Foraker				
Attorney' Name:	Gorman				
Income Replaced:	After-Tax				
		Earnings Losses, Assuming Continuous Employment to Age:	67.00	\$801,520	
		Reduction Factor For Time Out of Labor Force, Ciecka, et.al.	16.3%	\$671,269	
PAST LOSSES:	15-Sep-05	To: 28-Oct-05	\$6,639		
FUTURE LOSSES:	29-Oct-05	To: 3-Dec-29			
		Before Discounting, Sum of Losses, If Party Lives & Works to Age:	67.00	\$1,361,340	
		Annuity Value of Net Future Losses, PBGC Taxable Annuity Price:		\$773,226	
		Annuity Value of Approximate Tax on Compensation:	2.80%	\$21,655	
		Current Market Price to Buy Annuity equal to Future losses, Payment Stream Only:		\$794,881	
MARKET PRICE TO REPLACE FUTURE LOSSES, MONTH OF:		Oct-05	\$794,881		
Benchmarks, Approximate Implied Growth - See Attached Tables for Actual Rates Used					
Earnings Capacity at Loss Start Date:		15-Sep-05	\$60,500		
Earnings Capacity as of Today, No Injury:		28-Oct-05	\$60,500		
Earnings Capacity as of Today, Injured		28-Oct-05	\$32,500		
PBGC Instruction Set, Rate for First 20 Years:		3.50%	PBGC Rate Years Thereafter:		4.75%
Alternative Used for Analysis, Direct Discounting:					#N/A
Annuity Price with Tax Adjustment Comparable to Tax-Free Bond Yield of:					3.39%
Date of Birth of Party:	04-Dec-62	Date Injury First Caused Reduction in Earnings	15-Sep-05		
Age at Injury:	42.78	Age at End of Injury Year:	43.00	Exact Age on Analysis Date:	42.90
		Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, At Injury	36.12		
		Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, Today:	37.06		
		Reported Life Expectancy at Injury:	38.12		
		Age + LX As of Date of Analysis:	79.96		
Worklife Expectancy					
Worklife Expectancy At Injury, 2000, Ciecka, et.al.:		Male	High School Education	18.29	
		Age at Event Plus worklife at Event	61.07		
Explicit Retirement Age					
		Unadjusted Workyears, Number of Years From Injury to Explicit Retirement Age Calculation:	67		
		Probability of Survival to Retirement Age, GAM 83 Life Table:	24.22		
		Expected Work Years, Yrs in LF, # Alive, between event and Age	67.00	0.9018	
		Age at Event Plus Adjusted Worklife at Event, Pre- Reduction of Survival Probability	20.28		
		Percent Time in the Labor Force Expected Between Injury and Explicit Retirement Age:	63.06		
			83.7%		
Taxation					
Average Effective Earned Income Tax Rate, No Event, State & Federal:		16.50%			
Average Effective Earned Income Tax Rate, Event, State & Federal:		11.97%			
Marginal Tax Rate on Compensation, State & Federal:		2.67%			
Average Tax Rate Including Compensation, State & Federal:		6.48%			

## Foraker, Termination, Earnings &amp; Bonus Losses, Haverly

Year (1)	SSA Growth Rates No Injury (2)	Age (3)	PAST & EXPECTED EARNINGS LOSSES								
			Gross Earnings 2005\$ (4)	Gross Earnings Current \$ (5)	Estimated Taxes on Earnings (6)	Earnings But For Injury (7)	Earnings Growth Injured (8)	Gross Earnings Injured (9)	Estimated Taxes on Earnings (10)	Earnings Given Injury (11)	Estimated Losses Current \$ (12)
2004	#DIV/0!	0.00		\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0
2005	#DIV/0!	43.07	\$60,500	\$17,723	\$94	\$17,630	#N/A	\$9,521	\$0	\$9,521	\$8,109
2006	255.69%	44.07	\$61,684	\$63,041	\$8,587	\$54,454	255.69%	\$33,865	\$3,410	\$30,455	\$23,999
2007	4.30%	45.07	\$62,951	\$65,752	\$9,011	\$56,740	4.30%	\$35,321	\$3,647	\$31,674	\$25,066
2008	4.40%	46.07	\$64,056	\$68,645	\$9,460	\$59,184	4.40%	\$36,875	\$3,892	\$32,984	\$26,201
2009	4.30%	47.07	\$64,991	\$71,597	\$9,915	\$61,681	4.30%	\$38,461	\$4,134	\$34,327	\$27,354
2010	4.10%	48.07	\$65,812	\$74,532	\$10,367	\$64,166	4.10%	\$40,038	\$4,372	\$35,666	\$28,500
2011	4.10%	49.07	\$66,645	\$77,588	\$10,837	\$66,751	4.10%	\$41,679	\$4,621	\$37,058	\$29,693
2012	32.49%	50.07	\$85,893	\$102,797	\$16,556	\$86,241	4.10%	\$43,388	\$4,881	\$38,507	\$47,734
2013	4.20%	51.07	\$87,063	\$107,114	\$17,393	\$89,721	4.20%	\$45,211	\$5,163	\$40,048	\$49,674
2014	4.00%	52.07	\$88,079	\$111,399	\$18,216	\$93,183	4.00%	\$47,019	\$5,439	\$41,580	\$51,603
2015	4.00%	53.07	\$89,107	\$115,855	\$19,075	\$96,780	4.00%	\$48,900	\$5,727	\$43,173	\$53,607
2016	3.90%	54.07	\$90,061	\$120,373	\$19,942	\$100,432	3.90%	\$50,807	\$6,017	\$44,790	\$55,642
2017	3.90%	55.07	\$91,025	\$125,068	\$20,845	\$104,222	3.90%	\$52,788	\$6,320	\$46,468	\$57,754
2018	3.90%	56.07	\$91,989	\$129,946	\$21,787	\$108,158	3.90%	\$54,847	\$6,636	\$48,211	\$59,948
2019	3.90%	57.07	\$92,983	\$135,013	\$22,769	\$112,245	3.90%	\$56,986	\$6,966	\$50,020	\$62,225
2020	3.90%	58.07	\$93,978	\$140,279	\$23,792	\$116,487	3.90%	\$59,209	\$7,310	\$51,898	\$64,589
2021	3.90%	59.07	\$94,984	\$145,750	\$24,857	\$120,893	3.90%	\$61,518	\$7,653	\$53,864	\$67,028
2022	3.90%	60.07	\$96,000	\$151,434	\$25,968	\$125,466	3.90%	\$63,917	\$7,998	\$55,918	\$69,548
2023	3.90%	61.07	\$97,027	\$157,340	\$27,125	\$130,215	3.90%	\$66,410	\$8,358	\$58,052	\$72,163
2024	3.90%	62.07	\$98,065	\$163,476	\$28,330	\$135,146	3.90%	\$69,000	\$8,732	\$60,268	\$74,878
2025	3.90%	63.07	\$99,115	\$169,852	\$29,587	\$140,265	3.90%	\$71,891	\$9,121	\$62,570	\$77,696
2026	3.90%	64.07	\$100,175	\$176,476	\$30,895	\$145,581	3.90%	\$74,487	\$9,526	\$64,960	\$80,621
2027	3.90%	65.07	\$101,247	\$183,359	\$32,258	\$151,100	3.90%	\$77,392	\$9,948	\$67,444	\$83,656
2028	3.90%	66.07	\$102,331	\$190,510	\$33,678	\$156,831	3.90%	\$80,410	\$10,386	\$70,023	\$86,808
2029	#N/A	67.07	\$103,426	\$182,495	\$31,334	\$151,161	#N/A	\$77,027	\$9,750	\$67,276	\$83,884
2030	#N/A	68.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2031	#N/A	69.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2032	#N/A	70.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2033	#N/A	71.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2034	#N/A	72.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2035	#N/A	73.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2036	#N/A	74.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2037	#N/A	75.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2038	#N/A	76.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2039	#N/A	77.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2040	#N/A	78.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2041	#N/A	79.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2042	#N/A	80.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2043	#N/A	81.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2044	#N/A	82.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2045	#N/A	83.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2046	#N/A	84.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2047	#N/A	85.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2048	#N/A	86.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2049	#N/A	87.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2050	#N/A	88.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2051	#N/A	89.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2052	#N/A	90.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2053	#N/A	91.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2054	#N/A	92.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2055	#N/A	93.07	\$103,426	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
SUMS:			\$4,838,261	\$3,047,413	\$502,878	\$2,544,735		\$1,336,764	\$180,007	\$1,176,757	\$1,367,978

## Foraker, Termination, Earnings &amp; Bonus Losses, Haverly

ANNUITY COST TO REPLACE LOST EARNINGS										
Year	PBGC RATES	Age	PBGC Discount Factor	Estimated Losses Current \$	Survival Probability GAM83	Mkt.Value @ PBGC 2005\$	Adjustment Required Current \$	Payment Required Current \$	Mkt. Value Tax Adjusted 2005\$	Cumulative Losses
(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
2004	0.00%	0.00	1.000000	\$0	-	\$0	\$0	\$0	\$0	
2005	3.50%	43.07	1.000000	\$8,109	0.99676	\$8,083	\$0	\$8,109	\$8,083	\$8,083
2006	3.50%	44.07	0.966184	\$23,999	0.99483	\$23,067	\$775	\$24,774	\$23,813	\$31,895
2007	3.50%	45.07	0.933511	\$25,066	0.99266	\$23,228	\$754	\$25,820	\$23,926	\$55,822
2008	3.50%	46.07	0.901943	\$26,201	0.99021	\$23,400	\$739	\$26,939	\$24,060	\$79,881
2009	3.50%	47.07	0.871442	\$27,354	0.98745	\$23,538	\$729	\$28,083	\$24,166	\$104,047
2010	3.50%	48.07	0.841973	\$28,500	0.98435	\$23,620	\$722	\$29,222	\$24,219	\$128,266
2011	3.50%	49.07	0.813501	\$29,693	0.98089	\$23,693	\$714	\$30,407	\$24,263	\$152,529
2012	3.50%	50.07	0.785991	\$47,734	0.97706	\$36,658	\$1,583	\$49,317	\$37,874	\$190,403
2013	3.50%	51.07	0.759412	\$49,674	0.97283	\$36,698	\$1,602	\$51,275	\$37,881	\$228,284
2014	3.50%	52.07	0.733731	\$51,603	0.96821	\$36,659	\$1,624	\$53,226	\$37,812	\$266,096
2015	3.50%	53.07	0.708919	\$53,607	0.96317	\$36,604	\$1,645	\$55,253	\$37,727	\$303,823
2016	3.50%	54.07	0.684946	\$55,642	0.95772	\$36,500	\$1,669	\$57,311	\$37,595	\$341,418
2017	3.50%	55.07	0.661783	\$57,754	0.95185	\$36,380	\$1,692	\$59,448	\$37,446	\$378,864
2018	3.50%	56.07	0.639404	\$59,948	0.94555	\$36,244	\$1,714	\$61,662	\$37,280	\$416,145
2019	3.50%	57.07	0.617782	\$62,225	0.93880	\$36,089	\$1,737	\$63,962	\$37,096	\$453,241
2020	3.50%	58.07	0.596891	\$64,589	0.93155	\$35,914	\$1,759	\$66,348	\$36,892	\$490,132
2021	3.50%	59.07	0.576708	\$67,028	0.92374	\$35,708	\$1,796	\$68,824	\$36,665	\$526,797
2022	3.50%	60.07	0.557204	\$69,548	0.91528	\$35,469	\$1,848	\$71,394	\$36,411	\$563,208
2023	3.50%	61.07	0.538361	\$72,183	0.90607	\$35,201	\$1,898	\$74,061	\$36,126	\$599,334
2024	3.50%	62.07	0.520156	\$74,878	0.89598	\$34,897	\$1,951	\$76,829	\$35,806	\$635,140
2025	3.50%	63.07	0.502566	\$77,696	0.88488	\$34,552	\$2,005	\$79,701	\$35,444	\$670,584
2026	4.75%	64.07	0.479777	\$80,621	0.87261	\$33,752	\$2,061	\$82,681	\$34,615	\$705,199
2027	4.75%	65.07	0.458021	\$83,656	0.85900	\$32,914	\$2,118	\$85,775	\$33,747	\$738,947
2028	4.75%	66.07	0.437251	\$86,808	0.84390	\$32,032	\$2,177	\$88,985	\$32,835	\$771,782
2029	4.75%	67.07	0.417423	\$83,884	0.82719	\$28,964	\$2,240	\$86,125	\$29,738	\$801,520
2030	4.75%	68.07	0.398495	\$0	0.80880	\$0	\$0	\$0	\$0	\$801,520
2031	4.75%	69.07	0.380425	\$0	0.78873	\$0	\$0	\$0	\$0	\$801,520
2032	4.75%	70.07	0.363174	\$0	0.76702	\$0	\$0	\$0	\$0	\$801,520
2033	4.75%	71.07	0.346706	\$0	0.74374	\$0	\$0	\$0	\$0	\$801,520
2034	4.75%	72.07	0.330984	\$0	0.71892	\$0	\$0	\$0	\$0	\$801,520
2035	4.75%	73.07	0.315975	\$0	0.69255	\$0	\$0	\$0	\$0	\$801,520
2036	4.75%	74.07	0.301647	\$0	0.66458	\$0	\$0	\$0	\$0	\$801,520
2037	4.75%	75.07	0.287968	\$0	0.63494	\$0	\$0	\$0	\$0	\$801,520
2038	4.75%	76.07	0.274910	\$0	0.60358	\$0	\$0	\$0	\$0	\$801,520
2039	4.75%	77.07	0.262444	\$0	0.57053	\$0	\$0	\$0	\$0	\$801,520
2040	4.75%	78.07	0.250543	\$0	0.53591	\$0	\$0	\$0	\$0	\$801,520
2041	4.75%	79.07	0.239182	\$0	0.49994	\$0	\$0	\$0	\$0	\$801,520
2042	4.75%	80.07	0.228336	\$0	0.46291	\$0	\$0	\$0	\$0	\$801,520
2043	4.75%	81.07	0.217982	\$0	0.42519	\$0	\$0	\$0	\$0	\$801,520
2044	4.75%	82.07	0.208097	\$0	0.38721	\$0	\$0	\$0	\$0	\$801,520
2045	4.75%	83.07	0.198661	\$0	0.34945	\$0	\$0	\$0	\$0	\$801,520
2046	4.75%	84.07	0.189652	\$0	0.31239	\$0	\$0	\$0	\$0	\$801,520
2047	4.75%	85.07	0.181052	\$0	0.27652	\$0	\$0	\$0	\$0	\$801,520
2048	4.75%	86.07	0.172842	\$0	0.24218	\$0	\$0	\$0	\$0	\$801,520
2049	4.75%	87.07	0.165005	\$0	0.20976	\$0	\$0	\$0	\$0	\$801,520
2050	4.75%	88.07	0.157522	\$0	0.17954	\$0	\$0	\$0	\$0	\$801,520
2051	4.75%	89.07	0.150379	\$0	0.15174	\$0	\$0	\$0	\$0	\$801,520
2052	4.75%	90.07	0.143560	\$0	0.12650	\$0	\$0	\$0	\$0	\$801,520
2053	4.75%	91.07	0.137050	\$0	0.10396	\$0	\$0	\$0	\$0	\$801,520
2054	4.75%	92.07	0.130836	\$0	0.08416	\$0	\$0	\$0	\$0	\$801,520
2055	4.75%	93.07	0.124903	\$0	0.06707	\$0	\$0	\$0	\$0	\$801,520
SUMS:				\$1,367,978		\$779,864	\$37,550	\$1,405,528	\$801,520	



Foraker, Termination, to 55, Earnings &amp; Bonus Losses, Haverly

EARNINGS SUMMARY SHEET				Would Have Retired at 55	
Date of Analysis:	28-Oct-05				
Name:	Foraker	Earnings Losses, Assuming Continuous Employment to Age:		67.00	\$863,775
Attorney Name:	Gorman	Reduction Factor For Time Out of Labor Force, Ciecka, et.al.		18.8%	\$701,117
Income Replaced:	After-Tax				
PAST LOSSES:	28-Oct-05	To:	28-Oct-05	\$0	
FUTURE LOSSES:	29-Oct-05	To:	3-Dec-29		
Before Discounting, Sum of Losses, If Party Lives & Works to Age:				67.00	\$1,404,085
Annuity Value of Net Future Losses, PBGC Taxable Annuity Price:					\$843,852
Annuity Value of Approximate Tax on Compensation:				2.36%	\$19,922
Current Market Price to Buy Annuity equal to Future losses, Payment Stream Only:					\$863,775
MARKET PRICE TO REPLACE FUTURE LOSSES, MONTH OF:				Oct-05	\$863,775
Benchmarks, Approximate Implied Growth - See Attached Tables for Actual Rates Used					
Earnings Capacity at Loss Start Date:				01-Jan-06	\$81,626
Earnings Capacity as of Today, No Injury:				28-Oct-05	\$78,083
Earnings Capacity as of Today, Injured				28-Oct-05	\$32,500
PBGC Instruction Set, Rate for First 20 Years				3.50%	PBGC Rate Years Thereafter:
Alternative Used for Analysis, Direct Discounting:					4.75%
Annuity Price with Tax Adjustment Comparable to Tax-Free Bond Yield of:					#N/A
					3.33%
Date of Birth of Party:	04-Dec-62	Date Injury First Caused Reduction in Earnings	01-Jan-06		
Age at Injury:	43.08	Age at End of Injury Year:	44.00	Exact Age on Analysis Date:	42.90
Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, At Injury				36.12	
Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, Today:				37.06	
Reported Life Expectancy at Injury:				36.12	
Age + LX As of Date of Analysis:				79.96	
Worklife Expectancy					
Worklife Expectancy At Injury, 2000, Ciecka, et.al.:				Male	High School Education
					17.51
Age at Event Plus worklife at Event					60.59
Explicit Retirement Age					
Unadjusted Workyears, Number of Years From Injury to Explicit Retirement Age Calculation:				67	
Probability of Survival to Retirement Age, GAM 83 Life Table:				23.92	
Expected Work Years, Yrs in LF, if Alive, between event and Age				67.00	0.9018
Age at Event Plus Adjusted Worklife at Event, Pre- Reduction of Survival Probability				19.42	
Percent Time in the Labor Force Expected Between Injury and Explicit Retirement Age:				62.50	
				81.2%	
Taxation					
Average Effective Earned Income Tax Rate, No Event, State & Federal:				16.64%	
Average Effective Earned Income Tax Rate, Event, State & Federal:				12.06%	
Marginal Tax Rate on Compensation, State & Federal:				2.14%	
Average Tax Rate including Compensation, State & Federal:				6.18%	



Foraker, Termination, to 55, Earnings &amp; Bonus Losses, Haverly

Year (1)	SSA Growth Rates No Injury (2)	Age (3)	PAST & EXPECTED EARNINGS LOSSES								Estimated Losses Current \$ (12)
			Gross Earnings 2005\$ (4)	Gross Earnings Current \$ (5)	Estimated Taxes on Earnings (6)	Earnings But For Injury (7)	Earnings Growth Injured (8)	Gross Earnings Injured (9)	Estimated Taxes on Earnings (10)	Earnings Given Injury (11)	
2005	#DIV/0!	0.00		\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0
2006	#DIV/0!	44.07	\$79,869	\$81,626	\$12,522	\$69,104	#N/A	\$33,865	\$3,410	\$30,455	\$38,648
2007	7.10%	45.07	\$83,702	\$87,425	\$13,802	\$73,623	4.30%	\$35,321	\$3,647	\$31,674	\$41,949
2008	5.47%	46.07	\$88,046	\$92,211	\$14,800	\$77,411	4.40%	\$36,875	\$3,892	\$32,984	\$44,427
2009	9.75%	47.07	\$91,863	\$101,201	\$16,818	\$84,383	4.30%	\$38,461	\$4,134	\$34,327	\$50,056
2010	1.50%	48.07	\$90,701	\$102,719	\$16,981	\$85,738	4.10%	\$40,038	\$4,372	\$35,666	\$50,072
2011	5.61%	49.07	\$93,183	\$108,484	\$18,189	\$90,295	4.10%	\$41,679	\$4,621	\$37,058	\$53,236
2012	5.47%	50.07	\$95,607	\$114,422	\$19,434	\$94,988	4.10%	\$43,388	\$4,881	\$38,507	\$56,481
2013	4.57%	51.07	\$97,251	\$119,649	\$20,497	\$99,152	4.20%	\$45,211	\$5,163	\$40,048	\$59,105
2014	4.50%	52.07	\$98,859	\$125,033	\$21,592	\$103,441	4.00%	\$47,019	\$5,439	\$41,580	\$61,861
2015	4.57%	53.07	\$100,559	\$130,744	\$22,761	\$107,983	4.00%	\$48,900	\$5,727	\$43,173	\$64,810
2016	4.50%	54.07	\$102,221	\$136,626	\$23,966	\$112,660	3.90%	\$50,807	\$6,017	\$44,790	\$67,870
2017	4.57%	55.07	\$103,979	\$142,887	\$25,253	\$117,614	3.90%	\$52,788	\$6,320	\$46,468	\$71,146
2018	-28.53%	56.07	\$72,285	\$102,100	\$14,893	\$87,207	3.90%	\$54,847	\$6,636	\$48,211	\$38,997
2019	3.90%	57.07	\$73,058	\$106,082	\$15,605	\$90,477	3.90%	\$56,988	\$6,966	\$50,020	\$40,457
2020	3.90%	58.07	\$73,840	\$110,219	\$16,349	\$93,870	3.90%	\$59,209	\$7,310	\$51,898	\$41,972
2021	3.90%	59.07	\$74,830	\$114,518	\$17,124	\$97,393	3.90%	\$61,518	\$7,653	\$53,864	\$43,529
2022	3.90%	60.07	\$75,428	\$118,984	\$17,933	\$101,051	3.90%	\$63,917	\$7,998	\$55,918	\$45,132
2023	3.90%	61.07	\$76,236	\$123,624	\$18,777	\$104,847	3.90%	\$66,410	\$8,358	\$58,052	\$46,795
2024	32.24%	62.07	\$98,065	\$163,476	\$28,330	\$135,146	3.90%	\$69,000	\$8,732	\$60,268	\$74,878
2025	3.90%	63.07	\$99,115	\$169,852	\$29,586	\$140,265	3.90%	\$71,691	\$9,121	\$62,570	\$77,695
2026	3.90%	64.07	\$100,175	\$176,476	\$30,895	\$145,581	3.90%	\$74,487	\$9,528	\$64,960	\$80,620
2027	3.90%	65.07	\$101,247	\$183,358	\$32,258	\$151,100	3.90%	\$77,392	\$9,948	\$67,444	\$83,656
2028	3.90%	66.07	\$102,330	\$190,509	\$33,678	\$156,831	3.90%	\$80,410	\$10,386	\$70,023	\$86,808
2029	#N/A	67.07	\$103,425	\$182,494	\$31,334	\$151,161	#N/A	\$77,027	\$9,750	\$67,276	\$83,884
2030	#N/A	68.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2031	#N/A	69.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2032	#N/A	70.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2033	#N/A	71.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2034	#N/A	72.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2035	#N/A	73.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2036	#N/A	74.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2037	#N/A	75.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2038	#N/A	76.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2039	#N/A	77.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2040	#N/A	78.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2041	#N/A	79.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2042	#N/A	80.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2043	#N/A	81.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2044	#N/A	82.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2045	#N/A	83.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2046	#N/A	84.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2047	#N/A	85.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2048	#N/A	86.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2049	#N/A	87.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2050	#N/A	88.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2051	#N/A	89.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2052	#N/A	90.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2053	#N/A	91.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2054	#N/A	92.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2055	#N/A	93.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2056	#N/A	94.07	\$103,425	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
SUMS:			\$4,966,160	\$3,084,698	\$513,377	\$2,571,321		\$1,327,243	\$160,007	\$1,167,236	\$1,404,085

Foraker, Termination, to 55, Earnings &amp; Bonus Losses, Haverly

ANNUITY COST TO REPLACE LOST EARNINGS										
Year	PBGC RATES	Age	PBGC Discount Factor	Estimated Losses Current \$	Survival Probability GAM83	Mkt.Value @ PBGC 2005\$	Adjustment Required Current \$	Payment Required Current \$	Mkt. Value Tax Adjusted 2005\$	Cumulative Losses
(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
2005	0.00%	0.00	1.000000	\$0	-	\$0	\$0	\$0	\$0	
2006	3.50%	44.07	0.986184	\$38,648	0.99483	\$37,149	\$1,287	\$39,935	\$38,386	\$38,386
2007	3.50%	45.07	0.933511	\$41,949	0.99266	\$38,872	\$1,361	\$43,309	\$40,133	\$78,519
2008	3.50%	46.07	0.901943	\$44,427	0.99021	\$39,679	\$1,400	\$45,827	\$40,929	\$119,448
2009	3.50%	47.07	0.871442	\$50,056	0.98745	\$43,073	\$1,587	\$51,643	\$44,439	\$163,887
2010	3.50%	48.07	0.841973	\$50,072	0.98435	\$41,498	\$1,522	\$51,594	\$42,781	\$206,647
2011	3.50%	49.07	0.813501	\$53,236	0.98089	\$42,480	\$1,596	\$54,833	\$43,754	\$250,401
2012	3.50%	50.07	0.785991	\$56,481	0.97708	\$43,375	\$1,670	\$58,151	\$44,658	\$295,059
2013	3.50%	51.07	0.759412	\$59,105	0.97283	\$43,665	\$1,708	\$60,812	\$44,927	\$339,986
2014	3.50%	52.07	0.733731	\$81,861	0.96821	\$43,946	\$1,755	\$63,616	\$45,193	\$385,179
2015	3.50%	53.07	0.708919	\$64,810	0.96317	\$44,253	\$1,807	\$66,617	\$45,486	\$430,665
2016	3.50%	54.07	0.684946	\$67,870	0.95772	\$44,522	\$1,864	\$69,734	\$45,745	\$476,410
2017	3.50%	55.07	0.661783	\$71,148	0.95185	\$44,816	\$1,927	\$73,073	\$46,030	\$522,440
2018	3.50%	56.07	0.639404	\$38,997	0.94555	\$23,577	\$368	\$39,365	\$23,799	\$546,239
2019	3.50%	57.07	0.617782	\$40,457	0.93880	\$23,464	\$339	\$40,795	\$23,660	\$569,900
2020	3.50%	58.07	0.596891	\$41,972	0.93155	\$23,338	\$307	\$42,279	\$23,508	\$593,408
2021	3.50%	59.07	0.576706	\$43,529	0.92374	\$23,189	\$288	\$43,817	\$23,343	\$616,751
2022	3.50%	60.07	0.557204	\$45,132	0.91528	\$23,017	\$280	\$45,412	\$23,160	\$639,911
2023	3.50%	61.07	0.538361	\$48,795	0.90607	\$22,826	\$271	\$47,067	\$22,959	\$662,870
2024	3.50%	62.07	0.520156	\$74,878	0.89598	\$34,897	\$1,464	\$76,342	\$35,579	\$698,449
2025	3.50%	63.07	0.502566	\$77,695	0.88488	\$34,552	\$1,500	\$79,196	\$35,219	\$733,668
2026	4.75%	64.07	0.479777	\$80,620	0.87261	\$33,752	\$1,537	\$82,158	\$34,396	\$768,064
2027	4.75%	65.07	0.458021	\$83,656	0.85900	\$32,914	\$1,575	\$85,231	\$33,534	\$801,598
2028	4.75%	66.07	0.437251	\$86,808	0.84390	\$32,032	\$1,614	\$88,421	\$32,627	\$834,225
2029	4.75%	67.07	0.417423	\$83,884	0.82719	\$28,964	\$1,695	\$85,579	\$29,550	\$863,775
2030	4.75%	68.07	0.398495	\$0	0.80880	\$0	\$0	\$0	\$0	\$863,775
2031	4.75%	69.07	0.380425	\$0	0.78873	\$0	\$0	\$0	\$0	\$863,775
2032	4.75%	70.07	0.363174	\$0	0.76702	\$0	\$0	\$0	\$0	\$863,775
2033	4.75%	71.07	0.346706	\$0	0.74374	\$0	\$0	\$0	\$0	\$863,775
2034	4.75%	72.07	0.330984	\$0	0.71892	\$0	\$0	\$0	\$0	\$863,775
2035	4.75%	73.07	0.315975	\$0	0.69255	\$0	\$0	\$0	\$0	\$863,775
2036	4.75%	74.07	0.301647	\$0	0.66458	\$0	\$0	\$0	\$0	\$863,775
2037	4.75%	75.07	0.287988	\$0	0.63494	\$0	\$0	\$0	\$0	\$863,775
2038	4.75%	76.07	0.274910	\$0	0.60358	\$0	\$0	\$0	\$0	\$863,775
2039	4.75%	77.07	0.262444	\$0	0.57053	\$0	\$0	\$0	\$0	\$863,775
2040	4.75%	78.07	0.250543	\$0	0.53591	\$0	\$0	\$0	\$0	\$863,775
2041	4.75%	79.07	0.239182	\$0	0.49994	\$0	\$0	\$0	\$0	\$863,775
2042	4.75%	80.07	0.228336	\$0	0.46291	\$0	\$0	\$0	\$0	\$863,775
2043	4.75%	81.07	0.217982	\$0	0.42519	\$0	\$0	\$0	\$0	\$863,775
2044	4.75%	82.07	0.208097	\$0	0.38721	\$0	\$0	\$0	\$0	\$863,775
2045	4.75%	83.07	0.198661	\$0	0.34945	\$0	\$0	\$0	\$0	\$863,775
2046	4.75%	84.07	0.189652	\$0	0.31239	\$0	\$0	\$0	\$0	\$863,775
2047	4.75%	85.07	0.181052	\$0	0.27652	\$0	\$0	\$0	\$0	\$863,775
2048	4.75%	86.07	0.172842	\$0	0.24218	\$0	\$0	\$0	\$0	\$863,775
2049	4.75%	87.07	0.165005	\$0	0.20976	\$0	\$0	\$0	\$0	\$863,775
2050	4.75%	88.07	0.157522	\$0	0.17954	\$0	\$0	\$0	\$0	\$863,775
2051	4.75%	89.07	0.150379	\$0	0.15174	\$0	\$0	\$0	\$0	\$863,775
2052	4.75%	90.07	0.143560	\$0	0.12650	\$0	\$0	\$0	\$0	\$863,775
2053	4.75%	91.07	0.137050	\$0	0.10396	\$0	\$0	\$0	\$0	\$863,775
2054	4.75%	92.07	0.130836	\$0	0.08416	\$0	\$0	\$0	\$0	\$863,775
2055	4.75%	93.07	0.124903	\$0	0.06707	\$0	\$0	\$0	\$0	\$863,775
2056	4.75%	94.07	0.119239	\$0	0.05246	\$0	\$0	\$0	\$0	\$863,775
SUMS:				\$1,404,085		\$843,852	\$30,723	\$1,434,808	\$863,775	

## Pension Loss Estimates

PENSION SUMMARY SHEET			
Date of Analysis:	28-Oct-05		
Name:	Foraker		
Attorney Name:	Gorman	Pension Losses:	\$410,347
Income Replaced:	After-Tax		
PAST LOSSES:	12/31/2004	To:	12/31/2004
FUTURE LOSSES:	1/1/2005	To:	1/1/2006
Sum of Losses, If Party Lived to End of Life Table:		114.00	\$0
Sum of Losses, Reduced for Survival Probability to Age:			\$0
Annuity Value of Net Future Losses, PBGC Taxable Annuity Price:			\$1,701,201
Annuity Value of Approximate Tax on Compensation:	44.06%		\$284,838
Current Market Price to Buy Annuity equal to Future losses, Payment Stream Only:			\$125,510
			\$410,347
MARKET PRICE TO REPLACE FUTURE LOSSES, MONTH OF:		Oct-05	\$410,347
DATA, ASSUMPTIONS, IMPLIED GROWTH			
Pension Benefit at Loss Start Date:		01-Jan-06	\$94,840
Pension Benefit as of Today, No Injury:		28-Oct-05	\$38,734
PBGC Instruction Set, Rate for First 20 Years	3.50%	PBGC Rate Years Thereafter:	4.75%
Alternative Used for Analysis, Direct Discounting:			#N/A
Annuity Price with Tax Adjustment Comparable to Tax-Free Bond Yield of:			3.83%
Date of Birth of Party:	04-Dec-62	Date Injury First Caused Reduction in Pension	01-Jan-06
Pension Age	43.08	Pension Age, End of Yr.	44.00
Date of Injury	1/1/2006	Exact Age on Analysis Date:	42.90
Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, At Injury		Exact Age when Injured:	43.08
Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, Today:			36.12
			37.06
		Reported Life Expectancy at Injury:	36.12
TAXES			
Average Effective Earned Income Tax Rate, No Event, State & Federal:			#DIV/0!
Average Effective Earned Income Tax Rate, Event, State & Federal:			#DIV/0!
Marginal Tax Rate on Compensation, State & Federal:			15.47%
Average Tax Rate including Compensation, State & Federal:			12.58%

## Pension Loss Estimates

Year	SSA Nominal Pension Growth No Injury	Age	PAST & EXPECTED PENSION LOSSES								Estimated Losses Current \$
			Gross Pension 2004\$	Converted To Current Dollars	Estimated Taxes on Pension	Pension But For Injury	Pension Growth Injured	Gross Pension Injured	Estimated Taxes on Pension	Pension Given Injury	
2005											
2006		44.07	\$0	\$0	\$0	\$0					
2007	#DIV/0!	45.07	\$0	\$0	\$0	\$0		\$38,734	\$5,151	\$33,583	(\$33,583)
2008	#DIV/0!	46.07	\$0	\$0	\$0	\$0	2.0%	\$39,509	\$5,254	\$34,255	(\$34,255)
2009	#DIV/0!	47.07	\$0	\$0	\$0	\$0	2.4%	\$40,457	\$5,380	\$35,077	(\$35,077)
2010	#DIV/0!	48.07	\$0	\$0	\$0	\$0	2.8%	\$41,590	\$5,531	\$36,059	(\$36,059)
2011	#DIV/0!	49.07	\$0	\$0	\$0	\$0	2.8%	\$42,755	\$5,686	\$37,069	(\$37,069)
2012	#DIV/0!	50.07	\$0	\$0	\$0	\$0	2.8%	\$43,952	\$5,845	\$38,107	(\$38,107)
2013	#DIV/0!	51.07	\$0	\$0	\$0	\$0	2.8%	\$45,182	\$6,009	\$39,174	(\$39,174)
2014	#DIV/0!	52.07	\$0	\$0	\$0	\$0	2.8%	\$46,447	\$6,177	\$40,270	(\$40,270)
2015	#DIV/0!	53.07	\$0	\$0	\$0	\$0	2.8%	\$47,748	\$6,350	\$41,398	(\$41,398)
2016	#DIV/0!	54.07	\$0	\$0	\$0	\$0	2.8%	\$49,085	\$6,528	\$42,557	(\$42,557)
2017	#DIV/0!	55.07	\$0	\$0	\$0	\$0	2.8%	\$50,459	\$6,710	\$43,749	(\$43,749)
2018	#DIV/0!	56.07	\$93,439	\$130,584	\$25,530	\$105,035	2.8%	\$51,872	\$6,898	\$44,974	(\$44,974)
2019	2.8%	57.07	\$93,439	\$134,220	\$26,245	\$107,976	2.8%	\$53,325	\$7,091	\$46,233	(\$46,233)
2020	2.8%	58.07	\$93,439	\$137,978	\$26,980	\$110,999	2.8%	\$54,818	\$7,290	\$47,528	(\$47,528)
2021	2.8%	59.07	\$93,439	\$141,842	\$27,735	\$114,107	2.8%	\$56,352	\$7,494	\$48,858	(\$48,858)
2022	2.8%	60.07	\$93,439	\$145,813	\$28,512	\$117,302	2.8%	\$57,930	\$7,704	\$50,226	(\$50,226)
2023	2.8%	61.07	\$93,439	\$149,896	\$29,310	\$120,586	2.8%	\$59,552	\$7,920	\$51,633	(\$51,633)
2024	2.8%	62.07	\$93,439	\$154,093	\$30,131	\$123,963	2.8%	\$61,220	\$8,141	\$53,078	(\$53,078)
2025	2.8%	63.07	\$93,439	\$158,408	\$30,974	\$127,434	2.8%	\$62,934	\$8,369	\$54,565	(\$54,565)
2026	2.8%	64.07	\$93,439	\$162,843	\$31,841	\$131,002	2.8%	\$64,696	\$8,604	\$56,092	(\$56,092)
2027	2.8%	65.07	\$93,439	\$167,403	\$32,733	\$134,670	2.8%	\$66,508	\$8,845	\$57,663	(\$57,663)
2028	2.8%	66.07	\$93,439	\$172,090	\$33,650	\$138,441	2.8%	\$68,370	\$9,092	\$59,278	(\$59,278)
2029	2.8%	67.07	\$93,439	\$176,909	\$34,592	\$142,317	0.0%	\$68,370	\$8,939	\$59,431	(\$59,431)
2030	2.8%	68.07	\$93,439	\$181,862	\$35,560	\$146,302	0.0%	\$68,370	\$8,782	\$59,588	(\$59,588)
2031	2.8%	69.07	\$93,439	\$186,954	\$36,556	\$150,398	0.0%	\$68,370	\$8,620	\$59,750	(\$59,750)
2032	2.8%	70.07	\$93,439	\$192,189	\$37,580	\$154,609	0.0%	\$68,370	\$8,454	\$59,916	(\$59,916)
2033	2.8%	71.07	\$93,439	\$197,570	\$38,632	\$158,939	0.0%	\$68,370	\$8,283	\$60,087	(\$60,087)
2034	2.8%	72.07	\$93,439	\$203,102	\$39,713	\$163,389	0.0%	\$68,370	\$8,108	\$60,262	(\$60,262)
2035	2.8%	73.07	\$93,439	\$208,789	\$40,825	\$167,964	0.0%	\$68,370	\$7,927	\$60,443	(\$60,443)
2036	2.8%	74.07	\$93,439	\$214,635	\$41,969	\$172,667	0.0%	\$68,370	\$7,741	\$60,629	(\$60,629)
2037	2.8%	75.07	\$93,439	\$220,645	\$43,144	\$177,501	0.0%	\$68,370	\$7,550	\$60,819	(\$60,819)
2038	2.8%	76.07	\$93,439	\$226,823	\$44,352	\$182,471	0.0%	\$68,370	\$7,354	\$61,016	(\$61,016)
2039	2.8%	77.07	\$93,439	\$233,174	\$45,594	\$187,581	0.0%	\$68,370	\$7,153	\$61,217	(\$61,217)
2040	2.8%	78.07	\$93,439	\$239,703	\$46,870	\$192,833	0.0%	\$68,370	\$6,945	\$61,425	(\$61,425)
2041	2.8%	79.07	\$93,439	\$246,415	\$48,183	\$198,232	0.0%	\$68,370	\$6,732	\$61,638	(\$61,638)
2042	2.8%	80.07	\$93,439	\$253,314	\$49,532	\$203,783	0.0%	\$68,370	\$6,513	\$61,857	(\$61,857)
2043	2.8%	81.07	\$93,439	\$260,407	\$50,919	\$209,489	0.0%	\$68,370	\$6,288	\$62,082	(\$62,082)
2044	2.8%	82.07	\$93,439	\$267,699	\$52,344	\$215,354	0.0%	\$68,370	\$6,056	\$62,314	(\$62,314)
2045	2.8%	83.07	\$93,439	\$275,194	\$53,810	\$221,384	0.0%	\$68,370	\$5,818	\$62,552	(\$62,552)
2046	2.8%	84.07	\$93,439	\$282,900	\$55,317	\$227,583	0.0%	\$68,370	\$5,574	\$62,796	(\$62,796)
2047	2.8%	85.07	\$93,439	\$290,821	\$56,865	\$233,955	0.0%	\$68,370	\$5,322	\$63,048	(\$63,048)
2048	2.8%	86.07	\$93,439	\$298,964	\$58,458	\$240,506	0.0%	\$68,370	\$5,064	\$63,306	(\$63,306)
2049	2.8%	87.07	\$93,439	\$307,335	\$60,094	\$247,240	0.0%	\$68,370	\$4,798	\$63,572	(\$63,572)
2050	2.8%	88.07	\$93,439	\$315,940	\$61,777	\$254,163	0.0%	\$68,370	\$4,524	\$63,845	(\$63,845)
2051	2.8%	89.07	\$93,439	\$324,786	\$63,507	\$261,279	0.0%	\$68,370	\$4,244	\$64,126	(\$64,126)
2052	2.8%	90.07	\$93,439	\$333,880	\$65,285	\$268,595	0.0%	\$68,370	\$3,955	\$64,415	(\$64,415)
2053	2.8%	91.07	\$93,439	\$343,229	\$67,113	\$276,116	0.0%	\$68,370	\$3,658	\$64,712	(\$64,712)
2054	2.8%	92.07	\$93,439	\$352,839	\$68,992	\$283,847	0.0%	\$68,370	\$3,353	\$65,017	(\$65,017)
2055	2.8%	93.07	\$93,439	\$362,719	\$70,924	\$291,795	0.0%	\$68,370	\$3,039	\$65,331	(\$65,331)
2056	2.8%	94.07	\$93,439	\$372,875	\$72,910	\$299,965	0.0%	\$68,370	\$2,717	\$65,653	(\$65,653)
SUMS:					\$1,765,054				\$2,385	\$65,985	\$233,980
											\$327,966

## Pension Loss Estimates

## ANNUITY COST TO REPLACE LOST PENSION

Year	PBGC RATES	Age	Estimated Losses Current \$	Actuarial Adjustment Current \$	Mkt. Value @ PBGC 2004\$	Adjustment Required Current \$	Payment Required Current \$	Actuarial Adjustment Current \$	Mkt. Value Tax Adjusted 2004\$	Cumulative Losses
2005	0.00%	0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2006	3.50%	44.07	(\$33,583)	(\$32,804)	(\$31,695)	\$0	(\$33,583)	(\$32,804)	(\$31,695)	(\$31,695)
2007	3.50%	45.07	(\$34,255)	(\$33,387)	(\$31,167)	\$0	(\$34,255)	(\$33,387)	(\$31,167)	(\$62,862)
2008	3.50%	46.07	(\$35,077)	(\$34,104)	(\$30,760)	\$0	(\$35,077)	(\$34,104)	(\$30,760)	(\$93,622)
2009	3.50%	47.07	(\$36,059)	(\$34,961)	(\$30,466)	\$0	(\$36,059)	(\$34,961)	(\$30,466)	(\$124,088)
2010	3.50%	48.07	(\$37,069)	(\$35,827)	(\$30,165)	\$0	(\$37,069)	(\$35,827)	(\$30,165)	(\$154,253)
2011	3.50%	49.07	(\$38,107)	(\$36,701)	(\$29,856)	\$0	(\$38,107)	(\$36,701)	(\$29,856)	(\$184,110)
2012	3.50%	50.07	(\$39,174)	(\$37,581)	(\$29,538)	\$0	(\$39,174)	(\$37,581)	(\$29,538)	(\$213,648)
2013	3.50%	51.07	(\$40,270)	(\$38,466)	(\$29,212)	\$0	(\$40,270)	(\$38,466)	(\$29,212)	(\$242,860)
2014	3.50%	52.07	(\$41,398)	(\$39,355)	(\$28,876)	\$0	(\$41,398)	(\$39,355)	(\$28,876)	(\$271,736)
2015	3.50%	53.07	(\$42,557)	(\$40,247)	(\$28,532)	\$0	(\$42,557)	(\$40,247)	(\$28,532)	(\$300,267)
2016	3.50%	54.07	(\$43,749)	(\$41,140)	(\$28,178)	\$0	(\$43,749)	(\$41,140)	(\$28,178)	(\$328,446)
2017	3.50%	55.07	(\$44,974)	(\$42,032)	(\$27,816)	\$0	(\$44,974)	(\$42,032)	(\$27,816)	(\$356,262)
2018	3.50%	56.07	\$58,802	\$54,582	\$34,906	\$11,673	\$70,475	\$65,430	\$41,836	(\$314,426)
2019	3.50%	57.07	\$60,448	\$55,720	\$34,423	\$12,000	\$72,448	\$66,781	\$41,256	(\$273,170)
2020	3.50%	58.07	\$62,141	\$56,838	\$33,926	\$12,336	\$74,477	\$68,121	\$40,661	(\$232,509)
2021	3.50%	59.07	\$63,881	\$57,939	\$33,414	\$12,682	\$76,562	\$69,442	\$40,047	(\$192,461)
2022	3.50%	60.07	\$65,669	\$59,016	\$32,884	\$13,037	\$78,706	\$70,732	\$39,412	(\$159,049)
2023	3.50%	61.07	\$67,508	\$60,058	\$32,333	\$13,402	\$80,910	\$71,981	\$38,752	(\$114,297)
2024	3.50%	62.07	\$69,398	\$61,052	\$31,757	\$13,777	\$83,175	\$73,173	\$38,061	(\$76,236)
2025	4.75%	63.07	\$71,341	\$61,984	\$24,502	\$14,163	\$85,504	\$74,289	\$29,366	(\$46,870)
2026	4.75%	64.07	\$73,339	\$62,836	\$23,712	\$14,559	\$87,898	\$75,310	\$28,420	(\$18,450)
2027	4.75%	65.07	\$75,392	\$63,588	\$22,908	\$14,967	\$90,359	\$76,212	\$27,456	\$9,006
2028	4.75%	66.07	\$79,010	\$65,468	\$22,516	\$15,626	\$94,636	\$78,416	\$26,969	\$35,974
2029	4.75%	67.07	\$82,729	\$67,192	\$22,061	\$16,304	\$99,033	\$80,434	\$26,408	\$62,383
2030	4.75%	68.07	\$86,552	\$68,735	\$21,544	\$17,000	\$103,552	\$82,235	\$25,775	\$88,158
2031	4.75%	69.07	\$90,483	\$70,073	\$20,967	\$17,716	\$108,198	\$83,792	\$25,073	\$113,231
2032	4.75%	70.07	\$94,523	\$71,186	\$20,335	\$18,452	\$112,975	\$85,083	\$24,304	\$137,535
2033	4.75%	71.07	\$98,676	\$72,059	\$19,650	\$19,208	\$117,885	\$86,086	\$23,476	\$161,011
2034	4.75%	72.07	\$102,946	\$72,668	\$18,918	\$19,986	\$122,932	\$86,776	\$22,591	\$183,602
2035	4.75%	73.07	\$107,335	\$72,987	\$18,139	\$20,786	\$128,121	\$87,121	\$21,652	\$205,254
2036	4.75%	74.07	\$111,847	\$72,984	\$17,316	\$21,608	\$133,455	\$87,083	\$20,661	\$225,915
2037	4.75%	75.07	\$116,486	\$72,621	\$16,449	\$22,453	\$138,938	\$86,618	\$19,619	\$245,534
2038	4.75%	76.07	\$121,254	\$71,860	\$15,538	\$23,321	\$144,575	\$85,681	\$18,527	\$264,061
2039	4.75%	77.07	\$126,156	\$70,671	\$14,588	\$24,214	\$150,370	\$84,235	\$17,388	\$281,450
2040	4.75%	78.07	\$131,195	\$69,034	\$13,604	\$25,132	\$156,327	\$82,259	\$16,210	\$297,660
2041	4.75%	79.07	\$136,375	\$66,943	\$12,594	\$26,076	\$162,451	\$79,743	\$15,002	\$312,662
2042	4.75%	80.07	\$141,701	\$64,405	\$11,567	\$27,046	\$168,746	\$76,698	\$13,775	\$326,437
2043	4.75%	81.07	\$147,175	\$61,443	\$10,535	\$28,043	\$175,218	\$73,150	\$12,542	\$338,978
2044	4.75%	82.07	\$152,803	\$58,094	\$9,509	\$29,068	\$181,871	\$69,146	\$11,318	\$350,296
2045	4.75%	83.07	\$158,588	\$54,413	\$8,502	\$30,122	\$188,710	\$64,749	\$10,117	\$360,413
2046	4.75%	84.07	\$164,535	\$50,467	\$7,528	\$31,205	\$195,740	\$60,039	\$8,956	\$369,370
2047	4.75%	85.07	\$170,649	\$46,332	\$6,598	\$32,319	\$202,968	\$55,106	\$7,848	\$377,217
2048	4.75%	86.07	\$176,934	\$42,073	\$5,720	\$33,464	\$210,398	\$50,031	\$6,802	\$384,019
2049	4.75%	87.07	\$183,395	\$37,772	\$4,902	\$34,641	\$218,035	\$44,906	\$5,828	\$389,847
2050	4.75%	88.07	\$190,037	\$33,501	\$4,151	\$35,851	\$225,887	\$39,820	\$4,934	\$394,781
2051	4.75%	89.07	\$196,864	\$29,330	\$3,469	\$37,094	\$233,959	\$34,856	\$4,123	\$398,903
2052	4.75%	90.07	\$203,883	\$25,324	\$2,860	\$38,373	\$242,256	\$30,090	\$3,398	\$402,301
2053	4.75%	91.07	\$211,099	\$21,547	\$2,323	\$39,687	\$250,786	\$25,598	\$2,759	\$405,060
2054	4.75%	92.07	\$218,516	\$18,056	\$1,858	\$41,038	\$259,555	\$21,447	\$2,207	\$407,268
2055	4.75%	93.07	\$226,142	\$14,893	\$1,463	\$42,427	\$268,569	\$17,687	\$1,738	\$409,005
2056	4.75%	94.07	\$233,980	\$12,051	\$1,130	\$43,855	\$277,836	\$14,310	\$1,342	\$410,347
SUMS:				\$1,701,201	\$284,838			\$2,118,063	\$410,347	

# **EXHIBIT - G**



THE LOSS OF EARNINGS AND PENSION  
SUSTAINED BY

WAYNE H. WARREN

Submitted to:

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Submitted By:

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Thomas C. Borzilleri

October 28, 2005

### SUMMARY OF FINDINGS

I have estimated the current market cost to replace the earnings and pension losses incurred by Cpl. Wayne Warren. I place earnings losses at \$386,655 and pension losses at \$452,145, total losses of \$838,801. This estimate assumes that Cpl. Warren would have remained with the State Police until age 55 and will now leave the department by October 15, 2005.

These estimates are current market costs, based on the current market price for an annuity to replace the economic value of the losses he has sustained, and is likely to sustain, over time. It is therefore an actuarially reduced present value, taking into account Cpl. Warren's year to year survival probability (life expectancy), income taxes and interest. One final adjustment must be made. The above estimates are after-tax and any compensation will be taxable. Assuming an effective tax rate of 25% on an award, the loss estimate must be multiplied by 1.333, raising required compensation to \$1,118,122.

Annuity prices change with changes in the money markets and interest rates, so while my analytical method will remain the same, this analysis will be updated at time of trial to reflect the market price for an annuity at that time. Should rates be higher than they are now, the resulting loss estimates will be lower. Alternatively, should rates be lower than they are now, resulting loss estimates will be higher.

### INFORMATION PROVIDED BY COUNSEL

The information that follows has been provided to me by Counsel and outlines the basic elements of the case I have been asked to value. As various additional facts become known and/or stipulated to, my estimates may be revised to take those matters into account.

I have been provided with Cpl. Warren's date of birth, May 22, 1958 and the date he is expected to leave the department, October 15, 2005. I have also been provided with his service date, January 31, 1983.

I am advised that the testimony will show Cpl. Warren intended to remain with the department to age 55. I am also advised that upon leaving the force, Cpl. Warren will find employment in a position paying in the range of \$30,000 to \$35,000 per year with minimal benefits.

Cpl. Warren is a Cpl. Master, Step 22, earning \$82,712 per year. The department pension plan provides a pension equal to 2.5% of high, three-year, average salary for the first 20 years of service and 3.5% of final average salary for every year thereafter. Given a termination date of October 15, 2005, he will have 22.7 years of service. I estimate that upon leaving the

department he will have earned a pension equal to 59.47 % of average salary, producing a benefit of \$45,345 per year. Had he worked to age 55 however, he would have had 30.3 years of service at retirement and earned a pension equal to 86.07% of final average salary, producing a benefit of approximately \$96,130 per year.

### OVERVIEW OF METHOD

Economic losses may be computed in so-called "real" or after-inflation terms or in terms of nominal amounts, dollar losses without adjusting for purchasing power. Either calculation produces approximately the same answer. Typically in the "real" approach, historical rates of real earnings growth, in the range of 1% to 3% per year, and real interest rates, also in the 1% to 3% per year range, are cited as a reasonable forecast of these rates for the future.

I favor the alternative approach, one in which nominal rates of earnings growth and market interest rates are used. To provide a conservative estimate of losses, I assume a growth in the pay scale of 3% per year.

In place of an after-inflation interest rate forecast of bond yields for discounting I use the current market price for the purchase of an annuity to "discount" these future losses. Using a market price to purchase a contract to replace future income rather than a forecast for assumed future investment returns, real or nominal returns, eliminates this source of forecast uncertainty and provides, I believe, a more accurate assessment of the present value of losses than any approach that requires direct forecasting.

### THE PRESENT VALUE OF FUTURE LOSSES

Given an estimate of year by year, expected losses, these future losses must be converted into a present dollar equivalent. While there are numerous financial instruments that might be used to establish the present value of a future loss, I perform my conversion using information on the current annuity market provided the United States Pension Benefit Guaranty Corporation (PBGC)<sup>1</sup>. These annuity prices are used to value all future losses. Note however, that while I estimate current market annuity prices for this analysis using the average prices reported by the PBGC methodology, any annuity from a solid company producing the same replacement income is an acceptable valuation alternative<sup>2</sup>.

<sup>1</sup> United States Government, *Code of Federal Regulations*, 29 CFR Parts 2619 & 2676, Washington, D.C., September 28, 1993.

<sup>2</sup> I estimate current market annuity prices for this analysis using the PBGC methodology, but any quality annuity contract producing the same replacement income is an alternative for the establishment of present value.

PBGC is a United States Government agency charged with the responsibility of insuring pension plans in the event of employer default under the Employee Retirement Income Security Act (ERISA). As a consequence of that responsibility, PBGC monitors the annuity market and collects price data each month from a national sample of insurance and annuity companies. The PBGC Methodology permits the analyst to approximate the current price of an annuity found in this survey, given only the party's age and gender.

The methodology is essentially a method to distribute and disseminate current annuity prices. The prices, as stated above, come from a survey of the market and are not forecasts. Each month, the PBGC provides "discount rates", based on its survey results that are to be combined with its specific life table. Neither the specific life table nor the rates to be used, determine these annuity prices - which again, come from a survey.

These rates are not the yield on a specific financial instrument but rather rates, which when mathematically combined with the specific PBGC mortality tables (so-called 83GAM Tables), reproduces the findings of the PBGC annuity price survey for the age and gender of the party involved. Since price is known from the survey, if all analysts use the same life table (regardless of which table) a rate can be established to produce that price. Hence, PBGC rates are not traditional discount rates in the sense of expected yields or rates of return on a portfolio, but rather a technical instruction to implement the Methodology. The PBGC rates are applied to an actuarially reduced stream of income, reduced by year to year survival probabilities, and hence the implicit rates of return are higher than would be the case if the income stream was an unreduced flow certain, as in a typical discounting problem.

The PBGC price survey provides an accurate, cost-effective, and objective estimate of the actual, current market price required to purchase a future flow of income equal to the amount required to compensate the party for expected future losses. Implicitly, my compensation approach is to provide Cpl. Warren with a cash payment sufficient to cover past losses and cash payment sufficient to purchase an annuity, a market-determined present value, to replace future losses.

I am not requiring that such an instrument actually be chosen for compensation purposes. I am using annuity prices as an indicator of the financial market's "tradeoff" between the value of future dollars and the value of present dollars, inclusive of available investments, the time period involved, cash requirements associated with compensation, and mortality considerations. PBGC price information is current, reflecting actual economic

conditions in the money market in the month of the lost earnings analysis and in fact, is a function of the current yields on the professionally managed, investment portfolios of insurance or annuity companies that back these annuity contracts<sup>3</sup>.

The use of an annuity price to establish the discounted present value of future losses provides a number of advantages over the more familiar approach in which an analyst explicitly specifies an expected yield on a particular financial instrument or investment portfolio, typically bonds. Most importantly, an annuity price is an actual, market price at this point in time, not a forecast of future yields.

In addition, PBGC prices are objective, provided by the U.S. Government, and not prepared for the purpose of the litigation at issue. The price is a market price, favoring neither plaintiff nor defense and such prices are public information that may be easily verified by all parties to the litigation. Finally, an annuity provides for periodic payments, a flow of compensating income timed similarly to the losses that are expected to occur in the future. Regardless of the future course of interest rates, an annuity price provides the actual market cost today, to purchase the required future flow of compensating payments for future losses.

### VALUATION ADJUSTMENTS

The annuity prices that PBGC monitors however, are taxable annuities and therefore the compensating income I calculate using these prices will be less than the income Cpl. Warren would have earned had he not been required to leave the department. Ideally, the compensating instrument would be tax-free, so that the flow of compensation after tax would exactly equal the flow of income I seek to replace without the complication of taxes. Tax free municipal bonds represent one alternative financial instrument that could be used, but to do so gives up the advantage of using a current price and requires that a rate of return forecast be made for the damage period.

To approximate the price of a tax-free annuity, I calculate the approximate tax liability associated with the annuity payments and increase each year's payment such that after taxes, Cpl. Price would receive the amount I estimate that he has lost. This is similar to performing the analysis with tax-

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<sup>3</sup> The PBGC Methodology involves 2 components: the financial flow required to pay the annuity to individuals, and for groups of employees, an administrative cost component. Because I am dealing with an individual rather than a group of employees, I use only the financial flow. Administrative expenses are ignored and therefore my estimated annuity price may be somewhat below group annuity market prices.



free municipal bonds but it maintains the advantages I believe exist when an annuity price is used for the future loss calculation. This adjustment increases the loss estimates by the present value of expected taxes on the compensation, just as the loss estimates would be increased if I used the lower yields associated with tax-free instruments.

This is the column labeled "Adjustment Required" on the attached printouts, Schedule 3. It should be noted however, that my analysis produces loss estimates both with and without this adjustment. The column labeled "Market Value @ PBGC" provides losses without the above tax adjustment. In the event that my adjustment is deemed inappropriate however, estimates are provided both with and without it.

### LOSS ESTIMATES

Detailed printouts of my calculations are attached to this report. Three schedules are provided. Schedule 1 displays some of the basic data used in the calculation and various summary statistics that result from my calculations while Schedules 2 and 3 provide the year-by-year details of my estimates.

**Schedule 2, Past & Expected Earnings Losses:** Column 2 displays the rate of earnings growth used to increase Cpl. Warren's earnings over time. Column 4 labeled "Gross Earnings, 2005 Dollars" displays my estimated earnings over time expressed in today's dollars and shows the estimated year by year earnings Cpl. Warren would achieve over time. It is a benchmark calculation, useful for appraising the reasonableness of resulting estimates of future earnings.

The next column, Column 5, converts those dollars to so-called current dollars, dollars of the year in question, rather than in terms of today's purchasing power. Column 7 labeled "Earnings But For Termination" is self-explanatory. The next four columns are comparable, but concern earning given the termination. The difference between earnings had the termination not occurred and probable earnings now is my estimate of losses, Column 12 "Estimated Losses, Current Dollars".

**Schedule 3, Annuity Cost to Replace Lost Earnings:** Schedule 3 displays the conversion of these earnings loss amounts into actuarially discounted present or market values. Column 14 is the PBGC discount rates for the year in question while Column 16 shows the resulting annual discount factors. Column 17, "Estimated Losses, Current Dollars" on Schedule 3 is identical to Column 12, "Estimated Losses, Current Dollars" on Schedule 2, except that all past losses are adjusted to 2005 dollars. Column 18 shows the year to year survival probabilities given the person's age and



sex. Column 19 shows the present value or market replacement cost of each payment valued using the PBGC annuity price.

As discussed above however, this annuity would have tax consequences to the recipient and would therefore result in less income than the party would have earned, had the termination not occurred. Column 20 labeled "Adjustment Required" provides my estimate of the tax consequences of the annuity and therefore the additional payment that would be required to leave Cpl. Warren in the same economic status as he would have had without the termination. These augmented payments are then reduced for the probability of survival and again priced using the PBGC methodology to estimate annuity prices in Column 22.

Warren, Wrongful Term, Earnings &amp; Pension, Haverly

EARNINGS SUMMARY SHEET			
Date of Analysis:	28-Oct-05		
Name:	Warren		
Attorney's Name:	Haverly		
Income Replaced:	After-Tax		
		Earnings Losses, Assuming Continuous Employment to Age:	55.00 \$386,655
PAST LOSSES:	15-Oct-05 To: 28-Oct-05		\$49,743
FUTURE LOSSES:	29-Oct-05 To: 21-May-13		
Before Discounting, Sum of Losses, If Party Lives & Works to Age:		55.00	\$388,378
Annuity Value of Net Future Losses, PBGC Taxable Annuity Price:			\$327,363
Annuity Value of Approximate Tax on Compensation:		2.92%	\$9,549
Current Market Price to Buy Annuity equal to Future losses, Payment Stream Only:			\$336,912
MARKET PRICE TO REPLACE FUTURE LOSSES, MONTH OF:		Oct-05	\$336,912
Benchmarks, Approximate Implied Growth - See Attached Tables for Actual Rates Used			
Earnings Capacity at Loss Start Date:		15-Oct-05	\$79,776
Earnings Capacity as of Today, No Termination:		28-Oct-05	\$79,776
Earnings Capacity as of Today, Termined		28-Oct-05	\$32,500
PBGC Instruction Set, Rate for First 20 Years		3.50%	PBGC Rate Years Thereafter:
Alternative Used for Analysis, Direct Discounting:			4.75%
Annuity Price with Tax Adjustment Comparable to Tax-Free Bond Yield of:			#N/A
			7.06%
Date of Birth of Party:	22-May-58	Date Term First Caused Reduction in Earnings	15-Oct-05
Age at Term:	47.40	Age at End of Term Year:	47.00
Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, At Term		Exact Age on Analysis Date:	47.44
Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, Today:			32.40
Reported Life Expectancy at Term:			32.40
Age + LX As of Date of Analysis:			79.83
Worklife Expectancy			
Worklife Expectancy At Term, 2000, Cieccka, et.al.:		Male High School Education	14.40
		Age at Event Plus worklife at Event	61.80
Explicit Retirement Age			
Unadjusted Workyears, Number of Years From Term to Explicit Retirement Age Calculation:			55
Probability of Survival to Retirement Age, GAM 83 Life Table:			7.60
Expected Work Years, Yrs in LF, if Alive, between event and Age		55.00	0.9809
Age at Event Plus Adjusted Worklife at Event, Pre- Reduction of Survival Probability			14.68
Percent Time in the Labor Force Expected Between Term and Explicit Retirement Age:			62.08
			193.2%
Taxation			
Average Effective Earned Income Tax Rate, No Event, State & Federal:			16.25%
Average Effective Earned Income Tax Rate, Event, State & Federal:			9.85%
Marginal Tax Rate on Compensation, State & Federal:			#VALUE!
Average Tax Rate including Compensation, State & Federal:			#VALUE!

Warren, Wrongful Term, Earnings &amp; Pension, Haverly

Year (1)	SSA Growth Rates		Gross Earnings 2005\$ (4)	Gross Earnings Current \$ (5)	PAST & EXPECTED EARNINGS LOSSES				Gross Earnings Termed (9)	Estimated Taxes on Earnings (10)	Earnings Given Term (11)	Estimated Losses Current \$ (12)
	No Term (2)	Age (3)			Estimated Taxes on Earnings (6)	Earnings But For Term (7)	Earnings Growth Termed (8)					
2004	#DIV/0!	0.00		\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	\$0
2005	#DIV/0!	47.61	\$79,776	\$79,776	\$12,216	\$67,560	#N/A	\$6,851	\$0	\$6,851	\$60,708	\$0
2006	8.88%	48.61	\$84,993	\$86,863	\$13,819	\$73,044	394.27%	\$33,865	\$3,410	\$30,455	\$42,589	\$45,241
2007	5.68%	49.61	\$87,890	\$91,800	\$14,886	\$76,914	4.30%	\$35,321	\$3,647	\$31,674	\$47,897	\$50,749
2008	5.47%	50.61	\$90,350	\$96,823	\$15,941	\$80,881	4.40%	\$36,875	\$3,892	\$32,984	\$53,138	\$55,579
2009	5.47%	51.61	\$92,700	\$102,123	\$17,046	\$85,076	4.30%	\$38,461	\$4,134	\$34,327	\$58,187	\$24,032
2010	4.57%	52.61	\$94,299	\$106,793	\$17,990	\$88,804	4.10%	\$40,038	\$4,372	\$35,666	\$0	\$0
2011	4.50%	53.61	\$95,858	\$111,598	\$18,980	\$92,638	4.10%	\$41,679	\$4,621	\$37,058	\$0	\$0
2012	4.56%	54.61	\$97,502	\$116,690	\$19,996	\$96,694	4.10%	\$43,388	\$4,881	\$38,507	\$0	\$0
2013	#N/A	55.61	\$99,114	\$46,990	\$5,536	\$41,454	#N/A	\$17,422	\$0	\$17,422	\$0	\$0
2014	#N/A	56.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2015	#N/A	57.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2016	#N/A	58.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2017	#N/A	59.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2018	#N/A	60.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2019	#N/A	61.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2020	#N/A	62.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2021	#N/A	63.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2022	#N/A	64.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2023	#N/A	65.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2024	#N/A	66.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2025	#N/A	67.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2026	#N/A	68.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2027	#N/A	69.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2028	#N/A	70.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2029	#N/A	71.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2030	#N/A	72.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2031	#N/A	73.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2032	#N/A	74.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2033	#N/A	75.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2034	#N/A	76.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2035	#N/A	77.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2036	#N/A	78.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2037	#N/A	79.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2038	#N/A	80.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2039	#N/A	81.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2040	#N/A	82.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2041	#N/A	83.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2042	#N/A	84.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2043	#N/A	85.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2044	#N/A	86.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2045	#N/A	87.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2046	#N/A	88.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2047	#N/A	89.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2048	#N/A	90.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2049	#N/A	91.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2050	#N/A	92.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2051	#N/A	93.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2052	#N/A	94.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2053	#N/A	95.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2054	#N/A	96.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
2055	#N/A	97.61	\$99,114	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0	\$0
SUMS:			\$4,985,251	\$839,455	\$136,389	\$703,066		\$293,902	\$28,957	\$264,945	\$438,121	

Warren, Wrongful Term, Earnings &amp; Pension, Haverly

ANNUITY COST TO REPLACE LOST EARNINGS										
Year (13)	PBGC RATES (14)	Age (15)	PBGC Discount Factor (16)	Estimated Losses Current \$ (17)	Survival Probability GAM83 (18)	Mkt. Value @ PBGC 2005\$ (19)	Adjustment Required Current \$ (20)	Payment Required Current \$ (21)	Mkt. Value Tax Adjusted 2005\$ (22)	Cumulative Losses (23)
2004	0.00%	0.00	1.000000	\$0	-	\$0	\$0	\$0	\$0	
2005	3.50%	47.61	1.000000	\$60,708	0.99408	\$40,761	\$214	\$60,923	\$60,562	\$60,562
2006	3.50%	48.81	0.988184	\$42,589	0.99059	\$41,672	\$1,339	\$43,928	\$42,043	\$102,605
2007	3.50%	49.61	0.933511	\$45,241	0.98672	\$42,443	\$1,339	\$46,579	\$42,905	\$145,510
2008	3.50%	50.81	0.901943	\$47,897	0.98245	\$43,242	\$1,381	\$52,110	\$43,636	\$189,146
2009	3.50%	51.81	0.871442	\$50,749	0.97778	\$43,519	\$1,379	\$54,517	\$44,402	\$233,548
2010	3.50%	52.81	0.841973	\$53,138	0.97269	\$43,730	\$1,398	\$56,977	\$44,830	\$278,197
2011	3.50%	53.61	0.813501	\$55,579	0.96719	\$43,963	\$1,415	\$59,803	\$45,032	\$323,027
2012	3.50%	54.61	0.785991	\$58,187	0.96126	\$17,427	\$1,611	\$25,643	\$45,596	\$368,655
2013	3.50%	55.61	0.759412	\$24,032	0.95490	\$0	\$0	\$0	\$18,596	\$386,655
2014	3.50%	56.61	0.733731	\$0	0.94808	\$0	\$0	\$0	\$0	\$386,655
2015	3.50%	57.61	0.708919	\$0	0.94076	\$0	\$0	\$0	\$0	\$386,655
2016	3.50%	58.61	0.684946	\$0	0.93287	\$0	\$0	\$0	\$0	\$386,655
2017	3.50%	59.61	0.661783	\$0	0.92433	\$0	\$0	\$0	\$0	\$386,655
2018	3.50%	60.61	0.639404	\$0	0.91503	\$0	\$0	\$0	\$0	\$386,655
2019	3.50%	61.61	0.617782	\$0	0.90484	\$0	\$0	\$0	\$0	\$386,655
2020	3.50%	62.61	0.596891	\$0	0.89363	\$0	\$0	\$0	\$0	\$386,655
2021	3.50%	63.61	0.576706	\$0	0.88124	\$0	\$0	\$0	\$0	\$386,655
2022	3.50%	64.61	0.557204	\$0	0.86750	\$0	\$0	\$0	\$0	\$386,655
2023	3.50%	65.61	0.538361	\$0	0.85225	\$0	\$0	\$0	\$0	\$386,655
2024	3.50%	66.61	0.520156	\$0	0.83537	\$0	\$0	\$0	\$0	\$386,655
2025	3.50%	67.61	0.502566	\$0	0.81680	\$0	\$0	\$0	\$0	\$386,655
2026	4.75%	68.61	0.479777	\$0	0.79653	\$0	\$0	\$0	\$0	\$386,655
2027	4.75%	69.61	0.458021	\$0	0.77460	\$0	\$0	\$0	\$0	\$386,655
2028	4.75%	70.61	0.437251	\$0	0.75109	\$0	\$0	\$0	\$0	\$386,655
2029	4.75%	71.61	0.417423	\$0	0.72602	\$0	\$0	\$0	\$0	\$386,655
2030	4.75%	72.61	0.398495	\$0	0.69939	\$0	\$0	\$0	\$0	\$386,655
2031	4.75%	73.61	0.380425	\$0	0.67115	\$0	\$0	\$0	\$0	\$386,655
2032	4.75%	74.61	0.363174	\$0	0.64122	\$0	\$0	\$0	\$0	\$386,655
2033	4.75%	75.61	0.346706	\$0	0.60955	\$0	\$0	\$0	\$0	\$386,655
2034	4.75%	76.61	0.330984	\$0	0.57617	\$0	\$0	\$0	\$0	\$386,655
2035	4.75%	77.61	0.315975	\$0	0.54121	\$0	\$0	\$0	\$0	\$386,655
2036	4.75%	78.61	0.301647	\$0	0.50488	\$0	\$0	\$0	\$0	\$386,655
2037	4.75%	79.61	0.287968	\$0	0.46748	\$0	\$0	\$0	\$0	\$386,655
2038	4.75%	80.61	0.274910	\$0	0.42939	\$0	\$0	\$0	\$0	\$386,655
2039	4.75%	81.61	0.262444	\$0	0.39104	\$0	\$0	\$0	\$0	\$386,655
2040	4.75%	82.61	0.250543	\$0	0.35290	\$0	\$0	\$0	\$0	\$386,655
2041	4.75%	83.61	0.239182	\$0	0.31548	\$0	\$0	\$0	\$0	\$386,655
2042	4.75%	84.61	0.228336	\$0	0.27925	\$0	\$0	\$0	\$0	\$386,655
2043	4.75%	85.61	0.217982	\$0	0.24458	\$0	\$0	\$0	\$0	\$386,655
2044	4.75%	86.61	0.208097	\$0	0.21183	\$0	\$0	\$0	\$0	\$386,655
2045	4.75%	87.61	0.198661	\$0	0.18131	\$0	\$0	\$0	\$0	\$386,655
2046	4.75%	88.61	0.189652	\$0	0.15324	\$0	\$0	\$0	\$0	\$386,655
2047	4.75%	89.61	0.181052	\$0	0.12775	\$0	\$0	\$0	\$0	\$386,655
2048	4.75%	90.61	0.172842	\$0	0.10498	\$0	\$0	\$0	\$0	\$386,655
2049	4.75%	91.61	0.165005	\$0	0.08499	\$0	\$0	\$0	\$0	\$386,655
2050	4.75%	92.61	0.157522	\$0	0.06774	\$0	\$0	\$0	\$0	\$386,655
2051	4.75%	93.61	0.150379	\$0	0.05298	\$0	\$0	\$0	\$0	\$386,655
2052	4.75%	94.61	0.143560	\$0	0.04058	\$0	\$0	\$0	\$0	\$386,655
2053	4.75%	95.61	0.137050	\$0	0.03049	\$0	\$0	\$0	\$0	\$386,655
2054	4.75%	96.61	0.130836	\$0	0.02245	\$0	\$0	\$0	\$0	\$386,655
2055	4.75%	97.61	0.124903	\$0	0.01614	\$0	\$0	\$0	\$0	\$386,655
SUMS:				\$438,121		\$377,108	\$11,404	\$449,525	\$386,655	

## Pension Loss Estimates

Date of Analysis:

28-Oct-05

## PENSION SUMMARY SHEET

Name:

Warren

Attorney Name:

Haverly

Income Replaced:

After-Tax

Pension Losses:

\$452,145

## PAST LOSSES:

12/31/2004

To:

12/31/2004

## FUTURE LOSSES:

1/1/2005

To:

5/21/2013

Sum of Losses, If Party Lived to End of Life Table:

\$0

Sum of Losses, Reduced for Survival Probability to Age:

114.00

Annuity Value of Net Future Losses, PBGC Taxable Annuity Price:

\$0

Annuity Value of Approximate Tax on Compensation:

\$1,128,736

Current Market Price to Buy Annuity equal to Future losses, Payment Stream Only:

\$436,000

\$16,145

\$452,145

## MARKET PRICE TO REPLACE FUTURE LOSSES, MONTH OF:

Oct-05

\$452,145

## DATA, ASSUMPTIONS, IMPLIED GROWTH

Pension Benefit at Loss Start Date:

21-May-13

Pension Benefit as of Today, Termed

28-Oct-05

\$98,130

\$45,345

## PBGC Instruction Set, Rate for First 20 Years

3.50%

PBGC Rate Years Thereafter:

4.75%

Alternative Used for Analysis, Direct Discounting:

#N/A

Annuity Price with Tax Adjustment Comparable to Tax-Free Bond Yield of:

4.12%

Date of Birth of Party:

22-May-58

Pension Age

55.00 Pension Age, End of Yr.

Date Injury First Caused Reduction in Pension

55.00

21-May-13

Date of Term

10/15/2005

Exact Age on Analysis Date:

47.44

Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, At Term

Exact Age when termed:

47.40

Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, Today:

32.40

Reported Life Expectancy at Term:

32.40

## TAXES

Average Effective Earned Income Tax Rate, No Event, State &amp; Federal:

Average Effective Earned Income Tax Rate, Event, State &amp; Federal:

#DIV/0!

Marginal Tax Rate on Compensation, State &amp; Federal:

#DIV/0!

Average Tax Rate including Compensation, State &amp; Federal:

3.45%

8.92%

## Pension Loss Estimates

PAST & EXPECTED PENSION LOSSES											
Year	SSA Nominal Pension Growth No Injury	Age	Gross Pension 2005\$	Converted To Current Dollars	Estimated Taxes on Pension	Pension But For Injury	Pension Growth Injured	Gross Pension Injured	Estimated Taxes on Pension	Pension Given Injury	Estimated Losses Current \$
2012											
2013		55.61									
2014	67.3%	56.61	\$48,546	\$59,086	\$7,689	\$51,398		\$33,923	\$2,828	\$31,095	\$20,303
2015	2.8%	57.61	\$78,982	\$98,822	\$15,729	\$83,093		\$56,736	\$7,250	\$49,485	\$34,548
2016	2.8%	58.61	\$78,982	\$101,589	\$16,187	\$85,402	67.3%	\$58,324	\$7,471	\$50,853	\$35,516
2017	2.8%	59.61	\$78,982	\$104,433	\$16,658	\$87,775	2.8%	\$59,957	\$7,697	\$52,260	\$37,532
2018	2.8%	60.61	\$78,982	\$107,358	\$17,142	\$90,216	2.8%	\$61,636	\$7,931	\$53,706	\$39,664
2019	2.8%	61.61	\$78,982	\$110,364	\$17,639	\$92,724	2.8%	\$63,362	\$8,170	\$55,192	\$40,774
2020	2.8%	62.61	\$78,982	\$113,454	\$18,151	\$95,303	2.8%	\$65,136	\$8,416	\$56,720	\$41,918
2021	2.8%	63.61	\$78,982	\$116,630	\$18,677	\$97,954	2.8%	\$66,960	\$8,670	\$58,290	\$43,090
2022	2.8%	64.61	\$78,982	\$119,896	\$19,217	\$100,679	2.8%	\$68,835	\$8,930	\$59,905	\$44,296
2023	2.8%	65.61	\$78,982	\$123,253	\$19,773	\$103,481	2.8%	\$70,762	\$9,197	\$61,565	\$45,536
2024	2.8%	66.61	\$78,982	\$126,704	\$20,344	\$106,360	2.8%	\$72,743	\$9,472	\$63,271	\$46,811
2025	2.8%	67.61	\$78,982	\$130,252	\$20,931	\$109,321	2.8%	\$74,780	\$9,755	\$65,025	\$48,122
2026	2.8%	68.61	\$78,982	\$133,899	\$21,535	\$112,365	2.8%	\$76,874	\$10,046	\$66,828	\$49,469
2027	2.8%	69.61	\$78,982	\$137,648	\$22,155	\$115,493	2.8%	\$79,027	\$10,345	\$68,682	\$50,855
2028	2.8%	70.61	\$78,982	\$141,502	\$22,793	\$118,709	2.8%	\$81,239	\$10,652	\$70,587	\$52,279
2029	2.8%	71.61	\$78,982	\$145,465	\$23,449	\$122,016	2.8%	\$83,514	\$10,968	\$72,546	\$53,742
2030	2.8%	72.61	\$78,982	\$149,538	\$24,123	\$125,415	2.8%	\$85,852	\$11,292	\$74,560	\$55,247
2031	2.8%	73.61	\$78,982	\$153,725	\$24,818	\$128,909	2.8%	\$88,256	\$11,626	\$76,630	\$56,794
2032	2.8%	74.61	\$78,982	\$158,029	\$25,528	\$132,501	2.8%	\$90,727	\$11,969	\$78,758	\$58,384
2033	2.8%	75.61	\$78,982	\$162,454	\$26,260	\$136,193	2.8%	\$93,268	\$12,322	\$80,946	\$60,019
2034	2.8%	76.61	\$78,982	\$167,002	\$27,013	\$139,989	2.8%	\$95,879	\$12,684	\$83,195	\$61,700
2035	2.8%	77.61	\$78,982	\$171,678	\$27,787	\$143,891	2.8%	\$98,564	\$13,057	\$85,507	\$63,427
2036	2.8%	78.61	\$78,982	\$176,485	\$28,583	\$147,903	2.8%	\$101,324	\$13,440	\$87,884	\$65,203
2037	2.8%	79.61	\$78,982	\$181,427	\$29,401	\$152,026	2.8%	\$104,161	\$13,834	\$90,327	\$67,029
2038	2.8%	80.61	\$78,982	\$186,507	\$30,241	\$156,266	2.8%	\$107,077	\$14,239	\$92,838	\$68,906
2039	2.8%	81.61	\$78,982	\$191,729	\$31,106	\$160,624	2.8%	\$110,075	\$14,655	\$95,420	\$70,835
2040	2.8%	82.61	\$78,982	\$197,098	\$31,994	\$165,104	2.8%	\$113,158	\$15,083	\$98,075	\$72,818
2041	2.8%	83.61	\$78,982	\$202,616	\$32,907	\$169,709	2.8%	\$116,326	\$15,523	\$100,803	\$74,857
2042	2.8%	84.61	\$78,982	\$208,290	\$33,846	\$174,443	2.8%	\$119,583	\$15,975	\$103,608	\$76,953
2043	2.8%	85.61	\$78,982	\$214,122	\$34,812	\$179,310	2.8%	\$122,931	\$16,440	\$106,492	\$79,108
2044	2.8%	86.61	\$78,982	\$220,117	\$35,804	\$184,313	2.8%	\$126,374	\$16,918	\$109,456	\$81,323
2045	2.8%	87.61	\$78,982	\$226,280	\$36,824	\$189,456	2.8%	\$129,912	\$17,409	\$112,503	\$83,600
2046	2.8%	88.61	\$78,982	\$232,616	\$37,872	\$194,744	2.8%	\$133,549	\$17,914	\$115,636	\$85,941
2047	2.8%	89.61	\$78,982	\$239,129	\$38,950	\$200,179	2.8%	\$137,289	\$18,433	\$118,856	\$88,347
2048	2.8%	90.61	\$78,982	\$245,825	\$40,059	\$205,767	2.8%	\$141,133	\$18,967	\$122,166	\$90,821
2049	2.8%	91.61	\$78,982	\$252,708	\$41,198	\$211,510	2.8%	\$145,085	\$19,515	\$125,570	\$93,364
2050	2.8%	92.61	\$78,982	\$259,784	\$42,369	\$217,415	2.8%	\$149,147	\$20,079	\$129,068	\$95,978
2051	2.8%	93.61	\$78,982	\$267,058	\$43,573	\$223,485	2.8%	\$153,323	\$20,659	\$132,664	\$98,665
2052	2.8%	94.61	\$78,982	\$274,538	\$44,810	\$229,725	2.8%	\$157,616	\$21,255	\$136,361	\$101,428
2053	2.8%	95.61	\$78,982	\$282,223	\$46,082	\$236,140	2.8%	\$162,029	\$21,867	\$140,162	\$104,268
2054	2.8%	96.61	\$78,982	\$290,125	\$47,390	\$242,735	2.8%	\$166,566	\$22,497	\$144,069	\$107,188
2055	2.8%	97.61	\$78,982	\$298,248	\$48,735	\$249,514	2.8%	\$171,230	\$23,145	\$148,085	\$110,189
2056	2.8%	98.61	\$78,982	\$306,599	\$50,117	\$256,482	2.8%	\$176,025	\$23,810	\$152,214	\$113,274
2057	2.8%	99.61	\$78,982	\$315,184	\$51,538	\$263,646	2.8%	\$180,953	\$24,494	\$156,459	\$116,446
2058	2.8%	100.61	\$78,982	\$324,009	\$52,998	\$271,011	2.8%	\$186,020	\$25,198	\$160,822	\$119,706
2059	2.8%	101.61	\$78,982	\$333,081	\$54,500	\$278,582	2.8%	\$191,229	\$25,921	\$165,308	\$123,058
2060	2.8%	102.61	\$78,982	\$342,408	\$56,043	\$286,365	2.8%	\$196,583	\$26,664	\$169,919	\$126,504
2061	2.8%	103.61	\$78,982	\$351,995	\$57,630	\$294,365	2.8%	\$202,087	\$27,428	\$174,659	\$130,046
2062	2.8%	104.61	\$78,982	\$361,851	\$59,261	\$302,590	2.8%	\$207,746	\$28,214	\$179,532	
2063	2.8%	105.61	\$78,982	\$371,983	\$60,938	\$311,045	2.8%	\$213,563	\$29,021	\$184,541	
				\$382,398	\$62,662	\$319,737	2.8%	\$219,542	\$29,852	\$189,691	
SUMS:				\$1,715,838				\$809,196			



## Pension Loss Estimates

## ANNUITY COST TO REPLACE LOST PENSION

Year	PBGC RATES	Age	Estimated Losses Current \$	Actuarial Adjustment Current \$	Mkt. Value @ PBGC 2005\$	Adjustment Required Current \$	Payment Required Current \$	Actuarial Adjustment Current \$	Mkt. Value Tax Adjusted 2005\$	Cumulative Losses
2012	0.00%	0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2013	3.50%	55.61	\$20,303	\$19,084	\$14,493	\$1,643	\$21,946	\$20,629	\$15,668	\$15,668
2014	3.50%	56.61	\$33,607	\$31,381	\$23,025	\$1,194	\$34,801	\$32,496	\$23,843	\$39,509
2015	3.50%	57.61	\$34,548	\$32,029	\$22,706	\$1,227	\$35,775	\$33,167	\$23,513	\$63,022
2016	3.50%	58.61	\$35,516	\$32,672	\$22,379	\$1,262	\$36,777	\$33,833	\$23,173	\$86,195
2017	3.50%	59.61	\$36,510	\$33,305	\$22,041	\$1,297	\$37,807	\$34,488	\$22,824	\$109,019
2018	3.50%	60.61	\$37,532	\$33,924	\$21,691	\$1,333	\$38,866	\$35,129	\$22,462	\$131,481
2019	3.50%	61.61	\$38,583	\$34,523	\$21,328	\$1,370	\$39,954	\$35,749	\$22,085	\$153,566
2020	3.50%	62.61	\$39,664	\$35,095	\$20,948	\$1,409	\$41,072	\$36,341	\$21,692	\$175,258
2021	3.50%	63.61	\$40,774	\$35,630	\$20,548	\$1,448	\$42,223	\$36,896	\$21,278	\$196,536
2022	3.50%	64.61	\$41,916	\$36,120	\$19,678	\$1,531	\$43,405	\$37,403	\$20,841	\$217,377
2023	3.50%	65.61	\$43,090	\$36,552	\$19,202	\$1,573	\$44,620	\$37,851	\$20,377	\$237,754
2024	3.50%	66.61	\$44,298	\$36,915	\$18,704	\$1,617	\$45,869	\$38,227	\$19,884	\$257,638
2025	4.75%	67.61	\$45,536	\$37,197	\$18,109	\$1,663	\$47,154	\$38,519	\$19,411	\$277,049
2026	4.75%	68.61	\$46,811	\$37,389	\$17,503	\$1,709	\$48,474	\$38,717	\$18,933	\$296,982
2027	4.75%	69.61	\$48,122	\$37,482	\$16,887	\$1,757	\$49,831	\$38,813	\$18,455	\$316,437
2028	4.75%	70.61	\$49,469	\$37,351	\$16,263	\$1,806	\$51,227	\$38,802	\$17,977	\$335,414
2029	4.75%	71.61	\$50,855	\$37,115	\$15,633	\$1,857	\$52,661	\$38,677	\$17,499	\$353,913
2030	4.75%	72.61	\$52,279	\$36,755	\$15,098	\$1,909	\$54,136	\$38,434	\$17,021	\$371,934
2031	4.75%	73.61	\$53,742	\$36,258	\$14,557	\$1,962	\$55,651	\$38,060	\$16,543	\$389,477
2032	4.75%	74.61	\$55,247	\$35,611	\$14,011	\$2,017	\$57,210	\$37,546	\$16,065	\$406,542
2033	4.75%	75.61	\$56,794	\$34,800	\$13,460	\$2,074	\$58,811	\$36,876	\$15,587	\$423,129
2034	4.75%	76.61	\$58,384	\$33,816	\$12,904	\$2,132	\$60,458	\$36,036	\$15,109	\$439,238
2035	4.75%	77.61	\$60,019	\$32,653	\$12,343	\$2,192	\$62,151	\$35,017	\$14,631	\$454,869
2036	4.75%	78.61	\$61,700	\$31,314	\$11,777	\$2,253	\$63,891	\$33,813	\$14,153	\$470,022
2037	4.75%	79.61	\$63,427	\$29,807	\$11,207	\$2,316	\$65,680	\$32,426	\$13,675	\$484,697
2038	4.75%	80.61	\$65,203	\$28,144	\$10,632	\$2,381	\$67,519	\$30,865	\$13,197	\$498,894
2039	4.75%	81.61	\$67,029	\$26,348	\$10,052	\$2,448	\$69,410	\$29,144	\$12,719	\$512,613
2040	4.75%	82.61	\$68,906	\$24,444	\$9,467	\$2,516	\$71,353	\$27,284	\$12,241	\$525,854
2041	4.75%	83.61	\$70,835	\$22,464	\$8,877	\$2,587	\$73,351	\$25,313	\$11,763	\$538,617
2042	4.75%	84.61	\$72,818	\$20,441	\$8,282	\$2,659	\$75,405	\$23,262	\$11,285	\$550,902
2043	4.75%	85.61	\$74,857	\$18,404	\$7,683	\$2,733	\$77,516	\$21,167	\$10,807	\$562,709
2044	4.75%	86.61	\$76,953	\$16,387	\$7,079	\$2,810	\$79,687	\$19,058	\$10,329	\$574,038
2045	4.75%	87.61	\$79,108	\$14,419	\$6,471	\$2,889	\$81,918	\$16,969	\$9,851	\$584,889
2046	4.75%	88.61	\$81,323	\$12,527	\$5,868	\$2,970	\$84,212	\$14,931	\$9,373	\$595,262
2047	4.75%	89.61	\$83,600	\$10,736	\$5,260	\$3,053	\$86,570	\$12,972	\$8,895	\$605,157
2048	4.75%	90.61	\$85,941	\$9,070	\$4,647	\$3,138	\$88,994	\$11,117	\$8,417	\$614,574
2049	4.75%	91.61	\$88,347	\$7,548	\$4,033	\$3,226	\$91,485	\$9,392	\$7,939	\$623,513
2050	4.75%	92.61	\$90,821	\$6,184	\$3,418	\$3,316	\$94,047	\$7,816	\$7,461	\$631,974
2051	4.75%	93.61	\$93,364	\$4,972	\$2,803	\$3,409	\$96,680	\$6,404	\$6,983	\$639,957
2052	4.75%	94.61	\$95,978	\$3,915	\$2,188	\$3,505	\$99,387	\$5,149	\$6,505	\$647,462
2053	4.75%	95.61	\$98,665	\$3,025	\$1,573	\$3,603	\$102,170	\$4,054	\$6,027	\$654,489
2054	4.75%	96.61	\$101,428	\$2,289	\$1,058	\$3,704	\$105,031	\$3,132	\$5,549	\$661,038
2055	4.75%	97.61	\$104,268	\$1,692	\$703	\$3,807	\$107,972	\$2,370	\$5,071	\$667,109
2056	4.75%	98.61	\$107,188	\$1,219	\$457	\$3,914	\$110,995	\$1,752	\$4,593	\$672,702
2057	4.75%	99.61	\$110,189	\$853	\$211	\$4,024	\$114,103	\$1,262	\$4,115	\$677,817
2058	4.75%	100.61	\$113,274	\$578	\$165	\$4,136	\$117,298	\$883	\$3,637	\$682,454
2059	4.75%	101.61	\$116,446	\$377	\$119	\$4,252	\$120,582	\$598	\$3,159	\$686,613
2060	4.75%	102.61	\$119,706	\$235	\$83	\$4,371	\$123,958	\$391	\$2,681	\$690,294
2061	4.75%	103.61	\$123,058	\$139	\$57	\$4,493	\$127,429	\$244	\$2,203	\$693,497
2062	4.75%	104.61	\$126,504	\$76	\$41	\$4,619	\$130,997	\$143	\$1,725	\$696,222
2063	4.75%	105.61	\$130,046		\$35			\$78	\$1,247	\$697,469
SUMS:				\$1,128,736	\$436,000		\$1,169,695	\$452,145		

# **EXHIBIT - H**

**THE LOSS OF EARNINGS AND PENSION  
SUSTAINED BY**

**BRIAN K. PRICE**

Submitted to:

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October 28, 2005

### **SUMMARY OF FINDINGS**

I have estimated the current market cost to replace the earnings and pension losses incurred by Cpl. Brian Price. I place earnings losses at \$544,784 and pension losses at \$676,422, total losses of \$1,221,206. This estimate assumes that Cpl. Price would have remained with the State Police until age 55 and will now leave the department by October 15, 2005.

These estimates are current market costs, based on the current market price for an annuity to replace the economic value of the losses he has sustained, and is likely to sustain, over time. It is therefore an actuarially reduced present value, taking into account Cpl. Price's year to year survival probability (life expectancy), income taxes and interest. One final adjustment must be made. The above estimates are after-tax and any compensation will be taxable. Assuming an effective tax rate of 25% on an award, the loss estimate must be multiplied by 1.333, raising required compensation to \$1,628,275.

Annuity prices change with changes in the money markets and interest rates, so while my analytical method will remain the same, this analysis will be updated at time of trial to reflect the market price for an annuity at that time. Should rates be higher than they are now, the resulting loss estimates will be lower. Alternatively, should rates be lower than they are now, resulting loss estimates will be higher.

### **INFORMATION PROVIDED BY COUNSEL**

The information that follows has been provided to me by Counsel and outlines the basic elements of the case I have been asked to value. As various additional facts become known and/or stipulated to, my estimates may be revised to take those matters into account.

I have been provided with Cpl. Price's date of birth, January 2, 1963 and the date he is expected to leave the department, October 15, 2005. I have also been provided with his service date, September 3, 1985.

I am advised that the testimony will show Cpl. Price intended to remain with the department to age 55. I am also advised that upon leaving the force, Cpl. Price will find employment in a position paying in the range of \$30,000 to \$35,000 per year with minimal benefits.

Cpl. Price is a Cpl. Master, Step 19, earning \$78,774 per year. The department pension plan provides a pension equal to 2.5% of high, three-year, average salary for the first 20 years of service and 3.5% of final average salary for every year thereafter. Given a termination date of October 15, 2005, he will have 20.11 years of service. I estimate that upon leaving the

department he will have earned a pension equal to 50.5 % of average salary, producing a benefit of \$35,803 per year. Had he worked to age 55 however, he would have had 32.2 years of service at retirement and earned a pension equal to 93.16% of final average salary, producing a benefit of approximately \$124,238 per year.

### OVERVIEW OF METHOD

Economic losses may be computed in so-called "real" or after-inflation terms or in terms of nominal amounts, dollar losses without adjusting for purchasing power. Either calculation produces approximately the same answer. Typically in the "real" approach, historical rates of real earnings growth, in the range of 1% to 3% per year, and real interest rates, also in the 1% to 3% per year range, are cited as a reasonable forecast of these rates for the future.

I favor the alternative approach, one in which nominal rates of earnings growth and market interest rates are used. To provide a conservative estimate of losses, I assume a growth in the pay scale of 3% per year.

In place of an after-inflation interest rate forecast of bond yields for discounting I use the current market price for the purchase of an annuity to "discount" these future losses. Using a market price to purchase a contract to replace future income rather than a forecast for assumed future investment returns, real or nominal returns, eliminates this source of forecast uncertainty and provides, I believe, a more accurate assessment of the present value of losses than any approach that requires direct forecasting.

### THE PRESENT VALUE OF FUTURE LOSSES

Given an estimate of year by year, expected losses, these future losses must be converted into a present dollar equivalent. While there are numerous financial instruments that might be used to establish the present value of a future loss, I perform my conversion using information on the current annuity market provided the United States Pension Benefit Guaranty Corporation (PBGC)<sup>1</sup>. These annuity prices are used to value all future losses. Note however, that while I estimate current market annuity prices for this analysis using the average prices reported by the PBGC methodology, any annuity from a solid company producing the same replacement income is an acceptable valuation alternative<sup>2</sup>.

<sup>1</sup> United States Government, *Code of Federal Regulations*, 29 CFR Parts 2619 & 2676, Washington, D.C., September 28, 1993.

<sup>2</sup> I estimate current market annuity prices for this analysis using the PBGC methodology, but any quality annuity contract producing the same replacement income is an alternative for the establishment of present value.

PBGC is a United States Government agency charged with the responsibility of insuring pension plans in the event of employer default under the Employee Retirement Income Security Act (ERISA). As a consequence of that responsibility, PBGC monitors the annuity market and collects price data each month from a national sample of insurance and annuity companies. The PBGC Methodology permits the analyst to approximate the current price of an annuity found in this survey, given only the party's age and gender.

The methodology is essentially a method to distribute and disseminate current annuity prices. The prices, as stated above, come from a survey of the market and are not forecasts. Each month, the PBGC provides "discount rates", based on its survey results that are to be combined with its specific life table. Neither the specific life table nor the rates to be used, determine these annuity prices - which again, come from a survey.

These rates are not the yield on a specific financial instrument but rather rates, which when mathematically combined with the specific PBGC mortality tables (so-called 83GAM Tables), reproduces the findings of the PBGC annuity price survey for the age and gender of the party involved. Since price is known from the survey, if all analysts use the same life table (regardless of which table) a rate can be established to produce that price. Hence, PBGC rates are not traditional discount rates in the sense of expected yields or rates of return on a portfolio, but rather a technical instruction to implement the Methodology. The PBGC rates are applied to an actuarially reduced stream of income, reduced by year to year survival probabilities, and hence the implicit rates of return are higher than would be the case if the income stream was an unreduced flow certain, as in a typical discounting problem.

The PBGC price survey provides an accurate, cost-effective, and objective estimate of the actual, current market price required to purchase a future flow of income equal to the amount required to compensate the party for expected future losses. Implicitly, my compensation approach is to provide Cpl. Price with a cash payment sufficient to cover past losses and cash payment sufficient to purchase an annuity, a market-determined present value, to replace future losses.

I am not requiring that such an instrument actually be chosen for compensation purposes. I am using annuity prices as an indicator of the financial market's "tradeoff" between the value of future dollars and the value of present dollars, inclusive of available investments, the time period involved, cash requirements associated with compensation, and mortality considerations. PBGC price information is current, reflecting actual economic



conditions in the money market in the month of the lost earnings analysis and in fact, is a function of the current yields on the professionally managed, investment portfolios of insurance or annuity companies that back these annuity contracts<sup>3</sup>.

The use of an annuity price to establish the discounted present value of future losses provides a number of advantages over the more familiar approach in which an analyst explicitly specifies an expected yield on a particular financial instrument or investment portfolio, typically bonds. Most importantly, an annuity price is an actual, market price at this point in time, not a forecast of future yields.

In addition, PBGC prices are objective, provided by the U.S. Government, and not prepared for the purpose of the litigation at issue. The price is a market price, favoring neither plaintiff nor defense and such prices are public information that may be easily verified by all parties to the litigation. Finally, an annuity provides for periodic payments, a flow of compensating income timed similarly to the losses that are expected to occur in the future. Regardless of the future course of interest rates, an annuity price provides the actual market cost today, to purchase the required future flow of compensating payments for future losses.

### VALUATION ADJUSTMENTS

The annuity prices that PBGC monitors however, are taxable annuities and therefore the compensating income I calculate using these prices will be less than the income Cpl. Price would have earned had he not been required to leave the department. Ideally, the compensating instrument would be tax-free, so that the flow of compensation after tax would exactly equal the flow of income I seek to replace without the complication of taxes. Tax free municipal bonds represent one alternative financial instrument that could be used, but to do so gives up the advantage of using a current price and requires that a rate of return forecast be made for the damage period.

To approximate the price of a tax-free annuity, I calculate the approximate tax liability associated with the annuity payments and increase each year's payment such that after taxes, Cpl. Price would receive the amount I estimate that he has lost. This is similar to performing the analysis with tax-

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<sup>3</sup> The PBGC Methodology involves 2 components: the financial flow required to pay the annuity to individuals, and for groups of employees, an administrative cost component. Because I am dealing with an individual rather than a group of employees, I use only the financial flow. Administrative expenses are ignored and therefore my estimated annuity price may be somewhat below group annuity market prices.

free municipal bonds but it maintains the advantages I believe exist when an annuity price is used for the future loss calculation. This adjustment increases the loss estimates by the present value of expected taxes on the compensation, just as the loss estimates would be increased if I used the lower yields associated with tax-free instruments.

This is the column labeled "Adjustment Required" on the attached printouts, Schedule 3. It should be noted however, that my analysis produces loss estimates both with and without this adjustment. The column labeled "Market Value @ PBGC" provides losses without the above tax adjustment. In the event that my adjustment is deemed inappropriate however, estimates are provided both with and without it.

### LOSS ESTIMATES

Detailed printouts of my calculations are attached to this report. Three schedules are provided. Schedule 1 displays some of the basic data used in the calculation and various summary statistics that result from my calculations while Schedules 2 and 3 provide the year-by-year details of my estimates.

**Schedule 2, Past & Expected Earnings Losses:** Column 2 displays the rate of earnings growth used to increase Cpl. Price's earnings over time. Column 4 labeled "Gross Earnings, 2005 Dollars" displays my estimated earnings over time expressed in today's dollars and shows the estimated year by year earnings Cpl. Price would achieve over time. It is a benchmark calculation, useful for appraising the reasonableness of resulting estimates of future earnings.

The next column, Column 5, converts those dollars to so-called current dollars, dollars of the year in question, rather than in terms of today's purchasing power. Column 7 labeled "Earnings But For Termination" is self-explanatory. The next four columns are comparable, but concern earning given the termination. The difference between earnings had the termination not occurred and probable earnings now is my estimate of losses, Column 12 "Estimated Losses, Current Dollars".

**Schedule 3, Annuity Cost to Replace Lost Earnings:** Schedule 3 displays the conversion of these earnings loss amounts into actuarially discounted present or market values. Column 14 is the PBGC discount rates for the year in question while Column 16 shows the resulting annual discount factors. Column 17, "Estimated Losses, Current Dollars" on Schedule 3 is identical to Column 12, "Estimated Losses, Current Dollars" on Schedule 2, except that all past losses are adjusted to 2005 dollars. Column 18 shows the year to year survival probabilities given the person's age and

sex. Column 19 shows the present value or market replacement cost of each payment valued using the PBGC annuity price.

As discussed above however, this annuity would have tax consequences to the recipient and would therefore result in less income than the party would have earned, had the termination not occurred. Column 20 labeled "Adjustment Required" provides my estimate of the tax consequences of the annuity and therefore the additional payment that would be required to leave Cpl. Price in the same economic status as he would have had without the termination. These augmented payments are then reduced for the probability of survival and again priced using the PBGC methodology to estimate annuity prices in Column 22.

Price, Wrongful Term, Earnings &amp; Pension, Haverly

EARNINGS SUMMARY SHEET			
Date of Analysis:	28-Oct-05		
Name:	Price		
Attorney Name:	Haverly		
Income Replaced:	After-Tax		
		Earnings Losses, Assuming Continuous Employment to Age:	55.00 \$544,784
PAST LOSSES:	15-Oct-05 To: 28-Oct-05	\$47,185	
FUTURE LOSSES:	29-Oct-05 To: 1-Jan-18		
Before Discounting, Sum of Losses, If Party Lives & Works to Age:		55.00	\$644,007
Annuity Value of Net Future Losses, PBGC Taxable Annuity Price:			\$497,274
Annuity Value of Approximate Tax on Compensation:		0.07%	\$325
Current Market Price to Buy Annuity equal to Future losses, Payment Stream Only:			\$497,599
MARKET PRICE TO REPLACE FUTURE LOSSES, MONTH OF:		Oct-05	\$497,599
Benchmarks, Approximate Implied Growth - See Attached Tables for Actual Rates Used			
Earnings Capacity at Loss Start Date:		15-Oct-05	\$75,256
Earnings Capacity as of Today, No Termination:		28-Oct-05	\$75,256
Earnings Capacity as of Today, Termined		28-Oct-05	\$32,500
PBGC instruction Set, Rate for First 20 Years		3.60%	PBGC Rate Years Thereafter:
Alternative Used for Analysis, Direct Discounting:			4.75%
Annuity Price with Tax Adjustment Comparable to Tax-Free Bond Yield of:			#N/A
			5.17%
Date of Birth of Party:	02-Jan-63	Date Term First Caused Reduction in Earnings	15-Oct-05
Age at Term:	42.78	Age at End of Term Year:	42.00
		Exact Age on Analysis Date:	42.82
		Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, At Term	36.12
		Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, Today:	37.06
		Reported Life Expectancy at Term:	36.12
		Age + LX As of Date of Analysis:	79.88
Worklife Expectancy			
Worklife Expectancy At Term, 2000, Cieccka, et.al.:		Male High School Education	18.29
		Age at Event Plus worklife at Event	61.07
Explicit Retirement Age			
Unadjusted Workyears, Number of Years From Term to Explicit Retirement Age Calculation:			55
Probability of Survival to Retirement Age, GAM 83 Life Table:			12.22
Expected Work Years, Yrs in LF, If Alive, between event and Age		55.00	0.9762
Age at Event Plus Adjusted Worklife at Event, Pre- Reduction of Survival Probvability			18.74
Percent Time in the Labor Force Expected Between Term and Explicit Retirement Age:			61.52
			153.4%
Taxation			
Average Effective Earned Income Tax Rate, No Event, State & Federal:			16.56%
Average Effective Earned Income Tax Rate, Event, State & Federal:			11.05%
Marginal Tax Rate on Compensation, State & Federal:			0.05%
Average Tax Rate Including Compensation, State & Federal:			3.93%

Price, Wrongful Term, Earnings &amp; Pension, Haverly

Year (1)	SSA Growth Rates No Term (2)	Age (3)	PAST & EXPECTED EARNINGS LOSSES								
			Gross Earnings 2005\$ (4)	Gross Earnings Current \$ (5)	Estimated Taxes on Earnings (6)	Earnings But For Term (7)	Earnings Growth Termed (8)	Gross Earnings Termed (9)	Estimated Taxes on Earnings (10)	Earnings Given Term (11)	Estimated Losses Current \$ (12)
2004	#DIV/0!	0.00		\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0
2005	#DIV/0!	43.00	\$75,256	\$75,256	\$11,097	\$64,160	#N/A	\$6,851	\$0	\$6,851	\$57,308
2006	6.96%	44.00	\$78,760	\$80,493	\$12,241	\$68,251	394.27%	\$33,865	\$3,410	\$30,455	\$37,796
2007	6.31%	45.00	\$81,924	\$85,568	\$13,342	\$72,225	4.30%	\$35,321	\$3,647	\$31,674	\$40,552
2008	5.10%	46.00	\$83,920	\$89,932	\$14,235	\$75,696	4.40%	\$36,875	\$3,892	\$32,984	\$42,713
2009	5.61%	47.00	\$86,215	\$94,978	\$15,278	\$79,701	4.30%	\$38,461	\$4,134	\$34,327	\$45,374
2010	5.47%	48.00	\$88,458	\$100,178	\$16,352	\$83,826	4.10%	\$40,038	\$4,372	\$35,666	\$48,160
2011	5.62%	49.00	\$90,887	\$105,811	\$17,527	\$88,284	4.10%	\$41,679	\$4,621	\$37,058	\$51,225
2012	6.05%	50.00	\$93,759	\$112,211	\$18,887	\$93,324	4.10%	\$43,388	\$4,881	\$38,507	\$54,817
2013	4.53%	51.00	\$95,340	\$117,297	\$19,915	\$97,383	4.20%	\$45,211	\$5,163	\$40,048	\$57,335
2014	3.96%	52.00	\$96,413	\$121,940	\$20,826	\$101,114	4.00%	\$47,019	\$5,439	\$41,580	\$59,534
2015	4.57%	53.00	\$98,072	\$127,510	\$21,960	\$105,550	4.00%	\$48,900	\$5,727	\$43,173	\$62,377
2016	4.50%	54.00	\$99,693	\$133,248	\$23,129	\$110,118	3.90%	\$50,807	\$6,017	\$44,790	\$65,329
2017	4.57%	55.00	\$101,407	\$139,334	\$24,378	\$114,956	3.90%	\$52,788	\$6,320	\$46,468	\$68,488
2018	#N/A	56.00	\$102,492	\$297	\$0	\$297	#N/A	\$113	\$0	\$113	\$185
2019	#N/A	57.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2020	#N/A	58.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2021	#N/A	59.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2022	#N/A	60.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2023	#N/A	61.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2024	#N/A	62.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2025	#N/A	63.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2026	#N/A	64.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2027	#N/A	65.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2028	#N/A	66.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2029	#N/A	67.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2030	#N/A	68.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2031	#N/A	69.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2032	#N/A	70.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2033	#N/A	71.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2034	#N/A	72.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2035	#N/A	73.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2036	#N/A	74.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2037	#N/A	75.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2038	#N/A	76.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2039	#N/A	77.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2040	#N/A	78.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2041	#N/A	79.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2042	#N/A	80.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2043	#N/A	81.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2044	#N/A	82.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2045	#N/A	83.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2046	#N/A	84.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2047	#N/A	85.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2048	#N/A	86.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2049	#N/A	87.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2050	#N/A	88.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2051	#N/A	89.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2052	#N/A	90.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2053	#N/A	91.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2054	#N/A	92.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
2055	#N/A	93.00	\$102,492	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
SUMS:			\$5,064,817	\$1,384,053	\$229,167	\$1,154,886		\$521,317	\$57,622	\$463,694	\$691,191

Price, Wrongful Term, Earnings &amp; Pension, Haverly

ANNUITY COST TO REPLACE LOST EARNINGS										
Year (13)	PBGC RATES (14)	Age (15)	PBGC Discount Factor (16)	Estimated Losses Current \$ (17)	Survival Probability GAM83 (18)	Mkt.Value @ PBGC 2005\$ (19)	Adjustment Required Current \$ (20)	Payment Required Current \$ (21)	Mkt. Value Tax Adjusted 2005\$ (22)	Cumulative Losses (23)
2004	0.00%	0.00	1.000000	\$0	-	\$0	\$0	\$0	\$0	
2005	3.50%	43.00	1.000000	\$57,308	0.99676	\$57,122	\$326	\$57,634	\$57,447	\$57,447
2006	3.50%	44.00	0.966184	\$37,796	0.99483	\$36,329	\$0	\$37,796	\$36,329	\$93,776
2007	3.50%	45.00	0.933511	\$40,552	0.99266	\$37,578	\$0	\$40,552	\$37,578	\$131,354
2008	3.50%	46.00	0.901943	\$42,713	0.99021	\$38,147	\$0	\$42,713	\$38,147	\$169,501
2009	3.50%	47.00	0.871442	\$45,374	0.98745	\$39,044	\$0	\$45,374	\$39,044	\$208,546
2010	3.50%	48.00	0.841973	\$48,160	0.98435	\$39,915	\$0	\$48,160	\$39,915	\$248,461
2011	3.50%	49.00	0.813501	\$51,225	0.98089	\$40,876	\$0	\$51,225	\$40,876	\$289,336
2012	3.50%	50.00	0.785991	\$54,817	0.97706	\$42,097	\$0	\$54,817	\$42,097	\$331,433
2013	3.50%	51.00	0.759412	\$57,335	0.97283	\$42,358	\$0	\$57,335	\$42,358	\$373,791
2014	3.50%	52.00	0.733731	\$59,534	0.96821	\$42,293	\$0	\$59,534	\$42,293	\$416,084
2015	3.50%	53.00	0.708919	\$62,377	0.96317	\$42,591	\$0	\$62,377	\$42,591	\$458,676
2016	3.50%	54.00	0.684946	\$65,329	0.95772	\$42,855	\$0	\$65,329	\$42,855	\$501,530
2017	3.50%	55.00	0.661783	\$68,488	0.95185	\$43,142	\$0	\$68,488	\$43,142	\$544,672
2018	3.50%	56.00	0.639404	\$185	0.94555	\$112	\$0	\$185	\$112	\$544,784
2019	3.50%	57.00	0.617782	\$0	0.93880	\$0	\$0	\$0	\$0	\$544,784
2020	3.50%	58.00	0.596891	\$0	0.93155	\$0	\$0	\$0	\$0	\$544,784
2021	3.50%	59.00	0.576706	\$0	0.92374	\$0	\$0	\$0	\$0	\$544,784
2022	3.50%	60.00	0.557204	\$0	0.91528	\$0	\$0	\$0	\$0	\$544,784
2023	3.50%	61.00	0.538361	\$0	0.90607	\$0	\$0	\$0	\$0	\$544,784
2024	3.50%	62.00	0.520156	\$0	0.89598	\$0	\$0	\$0	\$0	\$544,784
2025	3.50%	63.00	0.502566	\$0	0.88488	\$0	\$0	\$0	\$0	\$544,784
2026	4.75%	64.00	0.479777	\$0	0.87261	\$0	\$0	\$0	\$0	\$544,784
2027	4.75%	65.00	0.458021	\$0	0.85900	\$0	\$0	\$0	\$0	\$544,784
2028	4.75%	66.00	0.437251	\$0	0.84390	\$0	\$0	\$0	\$0	\$544,784
2029	4.75%	67.00	0.417423	\$0	0.82719	\$0	\$0	\$0	\$0	\$544,784
2030	4.75%	68.00	0.398495	\$0	0.80880	\$0	\$0	\$0	\$0	\$544,784
2031	4.75%	69.00	0.380425	\$0	0.78873	\$0	\$0	\$0	\$0	\$544,784
2032	4.75%	70.00	0.363174	\$0	0.76702	\$0	\$0	\$0	\$0	\$544,784
2033	4.75%	71.00	0.346706	\$0	0.74374	\$0	\$0	\$0	\$0	\$544,784
2034	4.75%	72.00	0.330984	\$0	0.71892	\$0	\$0	\$0	\$0	\$544,784
2035	4.75%	73.00	0.315975	\$0	0.69255	\$0	\$0	\$0	\$0	\$544,784
2036	4.75%	74.00	0.301647	\$0	0.66458	\$0	\$0	\$0	\$0	\$544,784
2037	4.75%	75.00	0.287968	\$0	0.63494	\$0	\$0	\$0	\$0	\$544,784
2038	4.75%	76.00	0.274910	\$0	0.60358	\$0	\$0	\$0	\$0	\$544,784
2039	4.75%	77.00	0.262444	\$0	0.57053	\$0	\$0	\$0	\$0	\$544,784
2040	4.75%	78.00	0.250543	\$0	0.53591	\$0	\$0	\$0	\$0	\$544,784
2041	4.75%	79.00	0.239182	\$0	0.49994	\$0	\$0	\$0	\$0	\$544,784
2042	4.75%	80.00	0.228336	\$0	0.46291	\$0	\$0	\$0	\$0	\$544,784
2043	4.75%	81.00	0.217982	\$0	0.42519	\$0	\$0	\$0	\$0	\$544,784
2044	4.75%	82.00	0.208097	\$0	0.38721	\$0	\$0	\$0	\$0	\$544,784
2045	4.75%	83.00	0.198661	\$0	0.34945	\$0	\$0	\$0	\$0	\$544,784
2046	4.75%	84.00	0.189852	\$0	0.31239	\$0	\$0	\$0	\$0	\$544,784
2047	4.75%	85.00	0.181052	\$0	0.27652	\$0	\$0	\$0	\$0	\$544,784
2048	4.75%	86.00	0.172842	\$0	0.24218	\$0	\$0	\$0	\$0	\$544,784
2049	4.75%	87.00	0.165005	\$0	0.20976	\$0	\$0	\$0	\$0	\$544,784
2050	4.75%	88.00	0.157522	\$0	0.17954	\$0	\$0	\$0	\$0	\$544,784
2051	4.75%	89.00	0.150379	\$0	0.15174	\$0	\$0	\$0	\$0	\$544,784
2052	4.75%	90.00	0.143560	\$0	0.12650	\$0	\$0	\$0	\$0	\$544,784
2053	4.75%	91.00	0.137050	\$0	0.10396	\$0	\$0	\$0	\$0	\$544,784
2054	4.75%	92.00	0.130836	\$0	0.08416	\$0	\$0	\$0	\$0	\$544,784
2055	4.75%	93.00	0.124903	\$0	0.06707	\$0	\$0	\$0	\$0	\$544,784
SUMS:				\$691,191		\$544,459	\$326	\$691,517	\$544,784	



## Pension Loss Estimates

PENSION SUMMARY SHEET			
Date of Analysis:	28-Oct-05		
Name:	Price		
Attorney Name:	Haverly		
Income Replaced:	After-Tax	Pension Losses:	\$676,422
PAST LOSSES:	12/31/2004	To:	12/31/2004
FUTURE LOSSES:	1/1/2005	To:	1/1/2018
Sum of Losses, If Party Lived to End of Life Table:		114.00	\$0
Sum of Losses, Reduced for Survival Probability to Age:			\$0
Annuity Value of Net Future Losses, PBGC Taxable Annuity Price:			\$2,027,551
Annuity Value of Approximate Tax on Compensation:	10.05%		\$614,670
Current Market Price to Buy Annuity equal to Future losses, Payment Stream Only:			\$81,752
			\$676,422
MARKET PRICE TO REPLACE FUTURE LOSSES, MONTH OF:		Oct-05	\$676,422
DATA, ASSUMPTIONS, IMPLIED GROWTH			
Pension Benefit at Loss Start Date:		01-Jan-18	\$124,238
Pension Benefit as of Today, No Term:		28-Oct-05	\$35,803
PBGC Instruction Set, Rate for First 20 Years	3.50%	PBGC Rate Years Thereafter:	4.75%
Alternative Used for Analysis, Direct Discounting:			#N/A
Annuity Price with Tax Adjustment Comparable to Tax-Free Bond Yield of:			4.07%
Date of Birth of Party:	02-Jan-53	Date Injury First Caused Reduction in Pension	01-Jan-18
Pension Age	55.00	Pension Age, End of Yr.	55.00
Date of Term:	10/15/2005	Exact Age on Analysis Date:	42.82
Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, At Term		Exact Age when Termined	42.78
Normal Life Expectancy, PBGC Life Tables, 83 Group Annuity Mortality Table, Today:			36.12
		Reported Life Expectancy at Injury:	37.06
			36.12
TAXES			
Average Effective Earned Income Tax Rate, No Event, State & Federal:			#DIV/0!
Average Effective Earned Income Tax Rate, Event, State & Federal:			#DIV/0!
Marginal Tax Rate on Compensation, State & Federal:			9.13%
Average Tax Rate including Compensation, State & Federal:			9.59%

## Pension Loss Estimates

Year	SSA Nominal Pension Growth No Term	Age	PAST & EXPECTED PENSION LOSSES								Estimated Losses Current \$
			Gross Pension 2005\$	Converted To Current Dollars	Estimated Taxes on Pension	Pension No Term	Pension Growth Termed	Gross Pension Termed	Estimated Taxes on Pension	Pension Given Term	
2017											
2018		55.99	\$88,729	\$123,983	\$21,338	\$102,644		\$49,926	\$5,640	\$44,286	\$58,358
2019	3.0%	56.99	\$88,911	\$127,717	\$22,025	\$105,692		\$51,430	\$5,837	\$45,592	\$60,100
2020	2.8%	57.99	\$88,911	\$131,293	\$22,659	\$108,634	3.0%	\$52,870	\$6,018	\$46,851	\$61,782
2021	2.8%	58.99	\$88,911	\$134,969	\$23,311	\$111,658	2.8%	\$54,350	\$6,204	\$48,146	\$63,512
2022	2.8%	59.99	\$88,911	\$138,748	\$23,981	\$114,767	2.8%	\$55,872	\$6,396	\$49,476	\$65,291
2023	2.8%	60.99	\$88,911	\$142,633	\$24,670	\$117,963	2.8%	\$57,436	\$6,592	\$50,844	\$67,119
2024	2.8%	61.99	\$88,911	\$146,627	\$25,378	\$121,248	2.8%	\$59,045	\$6,794	\$52,250	\$68,998
2025	2.8%	62.99	\$88,911	\$150,732	\$26,106	\$124,626	2.8%	\$60,698	\$7,002	\$53,696	\$70,930
2026	2.8%	63.99	\$88,911	\$154,953	\$26,855	\$128,098	2.8%	\$62,397	\$7,216	\$55,182	\$72,916
2027	2.8%	64.99	\$88,911	\$159,291	\$27,624	\$131,667	2.8%	\$64,145	\$7,435	\$56,709	\$74,958
2028	2.8%	65.99	\$88,911	\$163,751	\$28,415	\$135,336	2.8%	\$65,941	\$7,661	\$58,280	\$77,057
2029	2.8%	66.99	\$88,911	\$168,337	\$29,229	\$139,108	2.8%	\$67,787	\$7,893	\$59,894	\$79,214
2030	2.8%	67.99	\$88,911	\$173,050	\$30,065	\$142,985	2.8%	\$69,685	\$8,132	\$61,553	\$81,432
2031	2.8%	68.99	\$88,911	\$177,895	\$30,924	\$146,971	2.8%	\$71,636	\$8,377	\$63,259	\$83,712
2032	2.8%	69.99	\$88,911	\$182,876	\$31,807	\$151,069	2.8%	\$73,642	\$8,629	\$65,013	\$86,056
2033	2.8%	70.99	\$88,911	\$187,997	\$32,715	\$155,282	2.8%	\$75,704	\$8,888	\$66,816	\$88,466
2034	2.8%	71.99	\$88,911	\$193,261	\$33,649	\$159,612	2.8%	\$77,824	\$9,154	\$68,669	\$90,943
2035	2.8%	72.99	\$88,911	\$198,672	\$34,609	\$164,064	2.8%	\$80,003	\$9,428	\$70,574	\$93,489
2036	2.8%	73.99	\$88,911	\$204,235	\$35,595	\$168,640	2.8%	\$82,243	\$9,710	\$72,533	\$96,107
2037	2.8%	74.99	\$88,911	\$209,954	\$36,609	\$173,344	2.8%	\$84,546	\$9,999	\$74,546	\$98,798
2038	2.8%	75.99	\$88,911	\$215,832	\$37,652	\$178,180	2.8%	\$86,913	\$10,297	\$76,616	\$101,564
2039	2.8%	76.99	\$88,911	\$221,876	\$38,724	\$183,152	2.8%	\$89,346	\$10,603	\$78,744	\$104,408
2040	2.8%	77.99	\$88,911	\$228,088	\$39,826	\$188,263	2.8%	\$91,848	\$10,917	\$80,931	\$107,331
2041	2.8%	78.99	\$88,911	\$234,475	\$40,958	\$193,516	2.8%	\$94,420	\$11,240	\$83,180	\$110,337
2042	2.8%	79.99	\$88,911	\$241,040	\$42,123	\$198,917	2.8%	\$97,064	\$11,572	\$85,491	\$113,426
2043	2.8%	80.99	\$88,911	\$247,789	\$43,320	\$204,469	2.8%	\$99,781	\$11,914	\$87,867	\$116,602
2044	2.8%	81.99	\$88,911	\$254,727	\$44,550	\$210,177	2.8%	\$102,575	\$12,265	\$90,310	\$119,867
2045	2.8%	82.99	\$88,911	\$261,859	\$45,815	\$216,044	2.8%	\$105,447	\$12,626	\$92,821	\$123,223
2046	2.8%	83.99	\$88,911	\$269,192	\$47,115	\$222,076	2.8%	\$108,400	\$12,997	\$95,403	\$126,673
2047	2.8%	84.99	\$88,911	\$276,729	\$48,452	\$228,277	2.8%	\$111,435	\$13,378	\$98,057	\$130,220
2048	2.8%	85.99	\$88,911	\$284,477	\$49,826	\$234,651	2.8%	\$114,555	\$13,771	\$100,785	\$133,866
2049	2.8%	86.99	\$88,911	\$292,443	\$51,239	\$241,204	2.8%	\$117,763	\$14,174	\$103,589	\$137,615
2050	2.8%	87.99	\$88,911	\$300,631	\$52,691	\$247,940	2.8%	\$121,060	\$14,588	\$106,472	\$141,468
2051	2.8%	88.99	\$88,911	\$309,049	\$54,184	\$254,865	2.8%	\$124,450	\$15,014	\$109,436	\$145,429
2052	2.8%	89.99	\$88,911	\$317,702	\$55,719	\$261,983	2.8%	\$127,934	\$15,452	\$112,482	\$149,501
2053	2.8%	90.99	\$88,911	\$326,598	\$57,296	\$269,301	2.8%	\$131,517	\$15,902	\$115,614	\$153,687
2054	2.8%	91.99	\$88,911	\$335,742	\$58,918	\$276,824	2.8%	\$135,199	\$16,365	\$118,834	\$157,990
2055	2.8%	92.99	\$88,911	\$345,143	\$60,585	\$284,558	2.8%	\$138,985	\$16,841	\$122,144	\$162,414
2056	2.8%	93.99	\$88,911	\$354,807	\$62,299	\$292,508	2.8%	\$142,876	\$17,330	\$125,546	\$166,962
2057	2.8%	94.99	\$88,911	\$364,742	\$64,061	\$300,681	2.8%	\$146,877	\$17,833	\$129,044	\$171,636
2058	2.8%	95.99	\$88,911	\$374,955	\$65,872	\$309,082	2.8%	\$150,989	\$18,349	\$132,640	\$176,442
2059	2.8%	96.99	\$88,911	\$385,453	\$67,734	\$317,719	2.8%	\$155,217	\$18,881	\$136,336	\$181,383
2060	2.8%	97.99	\$88,911	\$396,246	\$69,649	\$326,598	2.8%	\$159,563	\$19,427	\$140,136	\$186,461
2061	2.8%	98.99	\$88,911	\$407,341	\$71,616	\$335,725	2.8%	\$164,031	\$19,988	\$144,042	\$191,682
2062	2.8%	99.99	\$88,911	\$418,746	\$73,639	\$345,108	2.8%	\$168,624	\$20,566	\$148,058	\$197,049
2063	2.8%	100.99	\$88,911	\$430,471	\$75,718	\$354,753	2.8%	\$173,345	\$21,159	\$152,186	\$202,567
2064	2.8%	101.99	\$88,911	\$442,525	\$77,856	\$364,669	2.8%	\$178,199	\$21,769	\$156,430	\$208,239
2065	2.8%	102.99	\$88,911	\$454,915	\$80,054	\$374,862	2.8%	\$183,188	\$22,396	\$160,792	\$214,069
2066	2.8%	103.99	\$88,911	\$467,653	\$82,313	\$385,340	2.8%	\$188,318	\$23,041	\$165,277	\$220,063
2067	2.8%	104.99	\$88,911	\$480,747	\$84,635	\$396,112	2.8%	\$193,591	\$23,703	\$169,887	\$226,225
2068	2.8%	105.99	\$88,911	\$494,208	\$87,022	\$407,186	2.8%	\$199,011	\$24,384	\$174,627	\$232,559
SUMS:					\$2,399,027				\$661,747		

## Pension Loss Estimates

## ANNUITY COST TO REPLACE LOST PENSION

Year	PBGC RATES	Age	Estimated Losses Current \$	Actuarial Adjustment Current \$	Mkt. Value @ PBGC 2004\$	Adjustment Required Current \$	Payment Required Current \$	Actuarial Adjustment Current \$	Mkt. Value Tax Adjusted 2004\$	Cumulative Losses
2017	0.00%	0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2018	3.50%	55.99	\$58,358	\$54,541	\$34,874	\$5,870	\$64,228	\$60,027	\$38,381	\$38,381
2019	3.50%	56.99	\$60,100	\$55,797	\$34,470	\$6,037	\$66,137	\$61,402	\$37,933	\$76,314
2020	3.50%	57.99	\$61,782	\$56,950	\$33,993	\$6,206	\$67,989	\$62,671	\$37,408	\$113,722
2021	3.50%	58.99	\$63,512	\$58,092	\$33,502	\$6,380	\$69,893	\$63,928	\$36,868	\$150,590
2022	3.50%	59.99	\$65,291	\$59,218	\$32,997	\$6,559	\$71,849	\$65,167	\$36,311	\$186,901
2023	3.50%	60.99	\$67,119	\$60,319	\$32,473	\$6,743	\$73,861	\$66,378	\$35,736	\$222,637
2024	3.50%	61.99	\$68,998	\$61,384	\$31,929	\$6,931	\$75,929	\$67,550	\$35,137	\$257,773
2025	4.75%	62.99	\$70,930	\$62,400	\$24,668	\$7,125	\$78,055	\$68,669	\$27,144	\$284,918
2026	4.75%	63.99	\$72,916	\$63,352	\$23,907	\$7,325	\$80,241	\$69,717	\$26,309	\$311,226
2027	4.75%	64.99	\$74,958	\$64,223	\$23,137	\$7,530	\$82,488	\$70,675	\$25,461	\$336,687
2028	4.75%	65.99	\$77,057	\$64,992	\$22,352	\$7,741	\$84,797	\$71,521	\$24,597	\$361,285
2029	4.75%	66.99	\$79,214	\$65,637	\$21,550	\$7,958	\$87,172	\$72,231	\$23,715	\$385,000
2030	4.75%	67.99	\$81,432	\$66,139	\$20,730	\$8,180	\$89,613	\$72,783	\$22,813	\$407,813
2031	4.75%	68.99	\$83,712	\$66,479	\$19,892	\$8,409	\$92,122	\$73,158	\$21,890	\$429,703
2032	4.75%	69.99	\$86,056	\$66,645	\$19,037	\$8,645	\$94,701	\$73,340	\$20,950	\$450,653
2033	4.75%	70.99	\$88,466	\$66,825	\$18,169	\$8,887	\$97,353	\$73,318	\$19,994	\$470,647
2034	4.75%	71.99	\$90,943	\$66,411	\$17,289	\$9,136	\$100,079	\$73,083	\$19,026	\$489,673
2035	4.75%	72.99	\$93,489	\$65,993	\$16,401	\$9,392	\$102,881	\$72,622	\$18,049	\$507,721
2036	4.75%	73.99	\$96,107	\$65,352	\$15,505	\$9,655	\$105,761	\$71,917	\$17,063	\$524,785
2037	4.75%	74.99	\$98,798	\$64,468	\$14,602	\$9,925	\$108,723	\$70,945	\$16,069	\$540,854
2038	4.75%	75.99	\$101,564	\$63,318	\$13,691	\$10,203	\$111,767	\$69,679	\$15,067	\$555,920
2039	4.75%	76.99	\$104,408	\$61,876	\$12,773	\$10,489	\$114,896	\$68,092	\$14,056	\$569,976
2040	4.75%	77.99	\$107,331	\$60,126	\$11,849	\$10,782	\$118,114	\$66,166	\$13,039	\$583,015
2041	4.75%	78.99	\$110,337	\$58,059	\$10,922	\$11,084	\$121,421	\$63,891	\$12,020	\$595,035
2042	4.75%	79.99	\$113,426	\$55,678	\$10,000	\$11,394	\$124,821	\$61,271	\$11,004	\$606,039
2043	4.75%	80.99	\$116,602	\$52,997	\$9,087	\$11,713	\$128,316	\$58,321	\$9,999	\$616,038
2044	4.75%	81.99	\$119,867	\$50,042	\$8,191	\$12,041	\$131,908	\$55,069	\$8,014	\$625,052
2045	4.75%	82.99	\$123,223	\$46,848	\$7,320	\$12,379	\$135,602	\$51,555	\$6,056	\$633,108
2046	4.75%	83.99	\$126,673	\$43,463	\$6,483	\$12,725	\$139,399	\$47,829	\$5,135	\$640,243
2047	4.75%	84.99	\$130,220	\$39,942	\$5,688	\$13,082	\$143,302	\$43,954	\$4,259	\$646,502
2048	4.75%	85.99	\$133,866	\$36,345	\$4,941	\$13,448	\$147,314	\$39,996	\$3,437	\$651,939
2049	4.75%	86.99	\$137,615	\$32,723	\$4,247	\$13,824	\$151,439	\$36,011	\$2,674	\$656,613
2050	4.75%	87.99	\$141,468	\$29,136	\$3,610	\$14,211	\$155,679	\$32,063	\$1,973	\$660,586
2051	4.75%	88.99	\$145,429	\$25,637	\$3,032	\$14,609	\$160,038	\$28,212	\$1,337	\$663,923
2052	4.75%	89.99	\$149,501	\$22,273	\$2,515	\$15,018	\$164,519	\$24,511	\$768	\$666,690
2053	4.75%	90.99	\$153,687	\$19,089	\$2,058	\$15,439	\$169,126	\$21,007	\$2,264	\$668,955
2054	4.75%	91.99	\$157,990	\$16,126	\$1,660	\$15,871	\$173,861	\$17,746	\$1,826	\$670,781
2055	4.75%	92.99	\$162,414	\$13,421	\$1,318	\$16,316	\$178,730	\$14,769	\$1,451	\$672,232
2056	4.75%	93.99	\$166,962	\$10,996	\$1,031	\$16,772	\$183,734	\$12,100	\$1,135	\$673,367
2057	4.75%	94.99	\$171,636	\$8,840	\$792	\$17,242	\$188,879	\$9,728	\$871	\$674,238
2058	4.75%	95.99	\$176,442	\$6,961	\$595	\$17,725	\$194,167	\$7,660	\$655	\$674,893
2059	4.75%	96.99	\$181,383	\$5,378	\$439	\$18,221	\$199,604	\$5,918	\$483	\$675,376
2060	4.75%	97.99	\$186,461	\$4,069	\$317	\$18,731	\$205,193	\$4,478	\$349	\$675,724
2061	4.75%	98.99	\$191,682	\$3,008	\$224	\$19,256	\$210,938	\$3,311	\$246	\$675,971
2062	4.75%	99.99	\$197,049	\$2,167	\$154	\$19,795	\$216,844	\$2,385	\$169	\$676,140
2063	4.75%	100.99	\$202,567	\$1,517	\$103	\$20,349	\$222,916	\$1,669	\$113	\$676,253
2064	4.75%	101.99	\$208,239	\$1,028	\$66	\$20,919	\$229,158	\$1,131	\$73	\$676,326
2065	4.75%	102.99	\$214,069	\$671	\$41	\$21,505	\$235,574	\$738	\$46	\$676,372
2066	4.75%	103.99	\$220,063	\$418	\$25	\$22,107	\$242,170	\$460	\$27	\$676,399
2067	4.75%	104.99	\$226,225	\$246	\$14	\$22,726	\$248,951	\$271	\$15	\$676,414
2068	4.75%	105.99	\$232,559	\$134	\$7	\$23,362	\$255,922	\$148	\$8	\$676,422
SUMS:				\$2,027,551	\$614,670			\$2,231,240	\$676,422	